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LEGISLATIVE HISTORY

Public Law 386--77th Congress

Chapter 638--1st Session

H. R. 5988

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DIGEST OF PUBLIC LAW 386

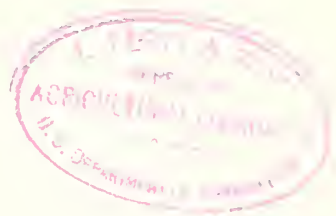
EXTENSION AND AMENDMENT OF SUGAR ACT OF 1937. Continues for 3 additional years the powers of the Secretary of Agriculture under the Sugar Act of 1937, the conditional benefit payments, the processing and import compensating taxes, and the time within which refunds may be made of taxes collected on Philippine sugar. Increases the base rate of payment from 60c to 80c a hundred pounds, provides for the 80c rate to be paid on the first 350 tons produced by any one producer and a graduated scale of reductions in payments for production in excess of 350 tons. Extends the conditional benefit-payment provision to the Virgin Islands. Extends the relief provision relating to violations of child-labor requirements to the 1940 and subsequent crops.

INDEX AND SUMMARY OF HISTORY ON H. R. 5988

November 7, 1941	H. R. 5988 was introduced by Rep. Fulmer and was referred to the House Committee on Agriculture. Print of the bill as introduced.
	S. 2041 was introduced by Senator O'Mahoney and was referred to the Senate Committee on Finance. Print of the bill as introduced. (Companion bill).
November 19, 1941	House Committee reported H. R. 5988 without amendment. House Report 1430. Print of the bill as reported.
December 1, 1941	H. R. 5988 was debated and passed House as reported.
December 4, 1941	H. R. 5988 was referred to the Senate Committee on Finance. Print of the bill as referred.
December 8, 1941	Amendment proposed by Senator Murray. Print of the amendment.
December 9, 1941	Hearings: Senate, H. R. 5988.
December 15, 1941	Senate Committee reported H. R. 5988 with amendments. Senate Report 907. Print of the bill as reported.
December 18, 1941	H. R. 5988 debated in the Senate.
December 19, 1941	Debate concluded. Passed the Senate as reported.
	House concurred in the Senate amendments.
December 26, 1941	Approved. Public Law 386.

77TH CONGRESS
1ST SESSION

H. R. 5988



IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 7, 1941

Mr. FULMER introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Sugar Act of 1937, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 202 of the Sugar Act of 1937, as amended (re-
4 lating to establishment and revision of quotas), is hereby
5 amended to read as follows:

6 “SEC. 202. Whenever a determination is made, pursuant
7 to section 201, of the amount of sugar needed to meet the
8 requirements of consumers, the Secretary shall establish
9 quotas, or revise existing quotas—

10 “(a) For domestic sugar-producing areas by prorating
11 among such areas 56.77 per centum of such amount of sugar

1 (but not less than 3,793,802 short tons) on the following
 2 basis:

"Area	Per centum
"Domestic beet sugar-----	42.49
Mainland cane sugar-----	11.52
Hawaii-----	24.72
Puerto Rico-----	21.03
Virgin Islands-----	.24

3 “(b) For foreign countries, and the Commonwealth of
 4 the Philippine Islands, by prorating 43.23 per centum of
 5 such amount of sugar (except, if such amount of sugar is
 6 less than 6,682,670 short tons, the excess of such amount
 7 over 3,793,802 short tons) on the following basis:

"Area	Per centum
"Commonwealth of the Philippine Islands-----	34.70
Cuba-----	64.41
Foreign countries other than Cuba-----	.89

8 In no case shall the quota for the Commonwealth of the
 9 Philippine Islands be less than the duty-free quota now estab-
 10 lished by the provisions of the Philippine Independence Act,
 11 as amended.

12 “The quota for foreign countries other than Cuba shall
 13 be prorated among such countries on the basis of the division
 14 of the quota for such countries made in General Sugar Quota
 15 Regulations, series 4, number 1, issued December 12, 1936,
 16 pursuant to the Agricultural Adjustment Act, as amended.”

17 SEC. 2. That section 204 of the Sugar Act of 1937, as
 18 amended (relating to redistribution of deficits in area quotas),
 19 is amended to read as follows:

1 “SEC. 204. (a) The Secretary shall, as he deems nec-
2 essary during the calendar year, determine whether, in view
3 of the current inventories of sugar, the estimated production
4 from the acreage of sugarcane or sugar beets planted, the
5 normal marketings within a calendar year of new-crop sugar,
6 and other pertinent factors, any domestic area, the Common-
7 wealth of the Philippine Islands, or Cuba, will be unable to
8 market the quota for such area. If the Secretary finds that
9 any domestic area or Cuba will be unable to market the quota
10 for such area for the calendar year then current, he shall
11 revise the quotas for the domestic areas and Cuba by prorating
12 an amount of sugar equal to the deficit so determined to
13 the other areas, on the basis of the quotas then in effect.
14 Any portion of such sugar which the Secretary determines
15 cannot be supplied by domestic areas and Cuba shall be
16 prorated to foreign countries other than Cuba on the basis of
17 the prorations of the quota then in effect for such foreign
18 countries. If the Secretary finds that the Commonwealth
19 of the Philippine Islands will be unable to market the quota
20 for such area for the calendar year then current, he shall
21 revise the quotas for domestic sugar-producing areas, for
22 Cuba, and for foreign countries other than Cuba, by prorating
23 an amount of sugar equal to the deficit so determined, as
24 follows:

1 “(1) To the domestic beet-sugar area and to the main-
 2 land cane-sugar area, on the basis of the respective quotas for
 3 such areas then in effect, an amount equivalent to such part,
 4 if any, of such deficit as the Secretary determines is due to
 5 inability to market in continental United States the amount
 6 of refined sugar permitted to be brought into continental
 7 United States, duty free, under the provisions of the Philip-
 8 pine Independence Act, as amended;

9 “(2) To foreign countries other than Cuba, on the basis
 10 of the proration of the quotas for such foreign countries then
 11 in effect, an amount not in excess of 100,000 short tons of
 12 the remainder of such deficit, after giving effect to the fore-
 13 going subsection (a) (1);

14 “(3) To Hawaii, Puerto Rico, Virgin Islands, and Cuba,
 15 on the basis of the respective quotas for such areas then in
 16 effect, the remainder, if any, of the amount of such deficit
 17 in excess of 100,000 short tons, after giving effect to the fore-
 18 going subsection (a) (1): *Provided, however,* That no part
 19 of any such Philippine deficit so prorated may be filled by
 20 direct-consumption sugar except that part, if any, prorated
 21 pursuant to the foregoing subsection (a) (1).

22 “(b) If, on the 1st day of September in any calendar
 23 year, any part or all of the proration to any foreign country
 24 of the quota in effect on the 1st day of July in the same
 25 calendar year for foreign countries other than Cuba, has not
 26 been filled, the Secretary may revise the proration of such

1 quota among such foreign countries, by prorating an amount
2 of sugar equal to such unfilled proration to all other such
3 foreign countries which have filled their prorations of such
4 quota by such date, on the basis of the prorations then in
5 effect.

6 “(c) If the Secretary finds that any foreign country
7 other than Cuba will be unable to market any part or all of
8 the proration to such foreign country for the calendar year
9 then current, the Secretary may increase the quotas for other
10 foreign countries, for the domestic sugar-producing areas and
11 for Cuba, by prorating an amount of sugar, equal to the
12 deficit so determined, as follows:

13 “(1) To such foreign countries other than Cuba, on
14 the basis of the proration of the quotas for such foreign coun-
15 tries then in effect, such portion of such deficit as the Secre-
16 tary finds they will be able to market in the calendar year
17 then current;

18 “(2) To the domestic sugar-producing areas and Cuba,
19 on the basis of the respective quotas for such areas then in
20 effect, the remainder, if any, of such deficit.

21 “(d) The quota for any domestic area, the Common-
22 wealth of the Philippine Islands, or Cuba, or other foreign
23 countries, shall not be reduced by reason of any determina-
24 tion made pursuant to the provisions of subsection (a) or
25 subsection (c) of this section 204.”

1 SEC. 3. Section 207 (e) of the Sugar Act of 1937, as
 2 amended (relating to direct-consumption sugar from Cuba),
 3 is amended by striking out "three hundred and seventy-five
 4 thousand" and inserting in lieu thereof "three hundred
 5 thousand".

6 SEC. 4. (a) Subsection (a) of section 304 of the Sugar
 7 Act of 1937 is amended to read as follows:

8 "SEC. 304. (a) The amount of the base rate of pay-
 9 ment shall be 80 cents per hundred pounds of sugar or liquid
 10 sugar, raw value."

11 (b) Subsection (c) of section 304 of the Sugar Act of
 12 1937 is amended to read as follows:

13 "(c) The total payment with respect to a farm shall
 14 be the product of the base rate specified in subsection (a)
 15 of this section multiplied by the amount of sugar and liquid
 16 sugar, raw value, with respect to which payment is to be
 17 made, except that reduction shall be made from such total
 18 payment in accordance with the following scale of reductions:

"That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value	Reduction in the base rate of pay- ment per hundredweight of such portion
"350 to 700_____	\$0. 05
700 to 1,000_____	. 10
1,000 to 1,500_____	. 20
1,500 to 3,000_____	. 25
3,000 to 6,000_____	. 275
6,000 to 12,000_____	. 30
12,000 to 30,000_____	. 325
More than 30,000_____	. 50

1 SEC. 5. (a) Section 101 (f) of the Sugar Act of 1937,
2 as amended (relating to the definition of liquid sugar), is
3 amended by striking out "6 per centum" and inserting in
4 lieu thereof "8 per centum".

5 (b) Section 401 (b) of the Sugar Act of 1937, as
6 amended (relating to the definition of "manufactured sugar"),
7 is amended by striking out "6 per centum" and inserting in
8 lieu thereof "8 per centum".

9 SEC. 6. Section 513 of the Sugar Act of 1937, as
10 amended (relating to termination of powers of the Secretary
11 of Agriculture under the Sugar Act), is amended to read as
12 follows:

13 "SEC. 513. The powers vested in the Secretary under
14 this Act shall terminate on December 31, 1944, except that
15 the Secretary shall have power to make payments under
16 title III under programs applicable to the crop year 1944
17 and previous crop years."

18 SEC. 7. Section 3508 of the Internal Revenue Code
19 (relating to termination of taxes under the Sugar Act) is
20 amended to read as follows:

21 **"SEC. 3508. TERMINATION OF TAXES.**

22 "No tax shall be imposed under this chapter on the
23 manufacture, use, or importation of sugar after June 30,
24 1945."

1 SEC. 8. Section 503 of the Sugar Act of 1937, as
 2 amended (relating to payments to the Commonwealth of
 3 the Philippine Islands), is amended by striking out "June
 4 30, 1942" and inserting in lieu thereof "June 30, 1945".

77th CONGRESS
1ST SESSION

H. R. 5988

A BILL

To amend the Sugar Act of 1937, as amended,
and for other purposes.

By Mr. FULMER

NOVEMBER 7, 1941

Referred to the Committee on Agriculture

77TH CONGRESS
1ST SESSION

S. 2041



IN THE SENATE OF THE UNITED STATES

NOVEMBER 7 (legislative day, OCTOBER 27), 1941

MR. O'MAHONEY (for himself, Mr. ADAMS, and Mr. ELLENDER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Sugar Act of 1937, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

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6 “SEC. 202. Whenever a determination is made, pursuant
7 to section 201, of the amount of sugar needed to meet the
8 requirements of consumers, the Secretary shall establish
9 quotas, or revise existing quotas—

10 “(a) For domestic sugar-producing areas by prorating
11 among such areas 56.77 per centum of such amount of sugar

1 (but not less than 3,793,802 short tons) on the following
 2 basis:

"Area	Per centum
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3 " (b) For foreign countries, and the Commonwealth of
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 5 such amount of sugar (except, if such amount of sugar is
 6 less than 6,682,670 short tons, the excess of such amount
 7 over 3,793,802 short tons) on the following basis:

"Area	Per centum
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8 In no case shall the quota for the Commonwealth of the
 9 Philippine Islands be less than the duty-free quota now
 10 established by the provisions of the Philippine Independence
 11 Act as amended.

12 "The quota for foreign countries other than Cuba shall be
 13 prorated among such countries on the basis of the division
 14 of the quota for such countries made in General Sugar Quota
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5 normal marketings within a calendar year of new crop sugar,
6 and other pertinent factors, any domestic area, the Common-
7 wealth of the Philippine Islands, or Cuba, will be unable to
8 market the quota for such area. If the Secretary finds that
9 any domestic area or Cuba will be unable to market the
10 quota for such area for the calendar year then current, he
11 shall revise the quotas for the domestic areas and Cuba by
12 prorating an amount of sugar equal to the deficit so deter-
13 mined to the other areas, on the basis of the quotas then in
14 effect. Any portion of such sugar which the Secretary de-
15 termines cannot be supplied by domestic areas and Cuba shall
16 be prorated to foreign countries other than Cuba on the basis
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18 countries. If the Secretary finds that the Commonwealth
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20 for such area for the calendar year then current, he shall
21 revise the quotas for domestic sugar-producing areas, for
22 Cuba, and for foreign countries other than Cuba, by pro-
23 rating an amount of sugar equal to the deficit so determined,
24 as follows:

1 “(1) To the domestic beet-sugar area and to the main-
 2 land cane-sugar area, on the basis of the respective quotas
 3 for such areas then in effect, an amount equivalent to such
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 5 due to inability to market in continental United States the
 6 amount of refined sugar permitted to be brought into conti-
 7 nental United States, duty free, under the provisions of the
 8 Philippine Independence Act, as amended;

9 “(2) To foreign countries other than Cuba, on the basis
 10 of the proration of the quotas for such foreign countries then
 11 in effect, an amount not in excess of 100,000 short tons of
 12 the remainder of such deficit, after giving effect to the fore-
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 16 effect, the remainder, if any, of the amount of such deficit in
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19 *Provided, however,* That no part of any such Philippine
 20 deficit so prorated may be filled by direct-consumption sugar
 21 except that part, if any, prorated pursuant to the foregoing
 22 subsection (a) (1).

23 “(b) If, on the 1st day of September in any calendar
 24 year, any part or all of the proration to any foreign country
 25 of the quota in effect on the 1st day of July in the same

1 calendar year for foreign countries other than Cuba, has not
2 been filled, the Secretary may revise the proration of such
3 quota among such foreign countries, by prorating an amount
4 of sugar equal to such unfilled proration to all other such
5 foreign countries which have filled their prorations of such
6 quota by such date, on the basis of the prorations then in
7 effect.

8 “(c) If the Secretary finds that any foreign country
9 other than Cuba will be unable to market any part or all of
10 the proration to such foreign country for the calendar year
11 then current, the Secretary may increase the quotas for other
12 foreign countries, for the domestic sugar-producing areas and
13 for Cuba, by prorating an amount of sugar, equal to the
14 deficit so determined, as follows:

15 “(1) To such foreign countries other than Cuba, on the
16 basis of the proration of the quotas for such foreign countries
17 then in effect, such portion of such deficit as the Secretary
18 finds they will be able to market in the calendar year then
19 current;

20 “(2) To the domestic sugar-producing areas and Cuba
21 on the basis of the respective quotas for such areas then in
22 effect, the remainder, if any, of such deficit.

23 “(d) The quota for any domestic area, the Common-
24 wealth of the Philippine Islands, or Cuba, or other foreign
25 countries, shall not be reduced by reason of any determina-

tion made pursuant to the provisions of subsection (a) or subsection (c) of this section 204.”

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“SEC. 304. (a) The amount of the base rate of payment shall be 80 cents per hundred pounds of sugar or liquid sugar, raw value.”

(b) Subsection (c) of section 304 of the Sugar Act of 1937 is amended to read as follows:

“(c) The total payment with respect to a farm shall be the product of the base rate specified in subsection (a) of this section multiplied by the amount of sugar and liquid sugar, raw value, with respect to which payment is to be made, except that reduction shall be made from such total payment in accordance with the following scale of reductions:

“That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value	Reduction in the base rate of payment per hundredweight of such portion
“350 to 700_____	\$0. 05
700 to 1,000_____	. 10
1,000 to 1,500_____	. 20
1,500 to 3,000_____	. 25
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More than 30,000_____	. 50”

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23 manufacture, use, or importation of sugar after June 30,
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 3 30, 1942" and inserting in lieu thereof "June 30, 1945".

A BILL

To amend the Sugar Act of 1937, as amended,
 and for other purposes.

By Mr. O'MAHONEY, Mr. ADAMS, and
 Mr. ELLENBER

NOVEMBER 7 (Legislative day, OCTOBER 27), 1941
 Read twice and referred to the Committee on Finance

AMENDING THE SUGAR ACT OF 1937, AS AMENDED

NOVEMBER 19, 1941.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. FULMER, from the Committee on Agriculture, submitted the following

REPORT

[To accompany H. R. 5988]

The Committee on Agriculture, to whom was referred the bill (H. R. 5988) to amend the Sugar Act of 1937, as amended, and for other purposes, having considered the same, report thereon with a recommendation that it do pass, without amendment.

GENERAL STATEMENT

Quota control of the sugar industry has been in effect since 1934. The presently controlling legislation, the Sugar Act of 1937, as amended, expires on December 31, 1941. The bill (H. R. 5988) provides that the Sugar Act be extended for 3 years, with certain adjustments which experience and conditions arising out of the national emergency make advisable. However, the bill does not depart from the principles underlying the basic legislation dealing with sugar, and it has the support of agriculture, labor, and management in far the greater part of the sugar industry.

In the 7 years in which it has been effective, sugar control has demonstrated its value. The industry has been stabilized, the income of farmers and workers has been improved, and the system has been a protection to consumers. Since the enactment of the Sugar Act of 1937 the retail price of sugar to consumers has been lower than in any 4-year period in our history as a nation. The program has been effective in time of peace, and during a period of almost world-wide war. It is to continue these gains that the bill proposes to reenact the legislation with certain modifications.

The bill provides a slight increase of 4 percent in the basic quotas for the domestic sugar-beet area and the mainland cane-sugar area. These increases are scarcely more than token recognition of the fact that in each of the years since the passage of the Sugar Act of 1937

the beet-sugar area has exceeded its quota from beets produced on acreage allotted by the Secretary of Agriculture, and that the mainland cane area has exceeded its quota in all but one of those years. In the case of beet sugar the increase in quota amounts to 62,088 tons, and for the mainland cane area the increase is 16,880 tons. To accommodate these increases, the total minimum quota of all domestic sugar-producing areas is increased from 3,715,000 tons to 3,793,802 tons. There are no appreciable changes in the quotas for Hawaii, Puerto Rico, or the Virgin Islands. The basic quotas for Cuba, the Philippine Islands, and foreign countries other than Cuba are reduced by 2.7 percent, which amounts to 50,791 tons for Cuba, 27,363 tons for the Philippines, and 702 tons for other foreign countries. The reduction in the quota of the Philippine Islands affects only the dutiable portion of that quota, does not involve the minimum duty-free quota provided in the Philippine Independence Act, and is a matter of no consequence to the Island producers since they have never availed themselves of that portion of their quota on which duty must be paid.

Under the present act, a deficit in the Philippine quota can be reallocated only to foreign countries other than Cuba, although in case these areas are unable to supply the deficit the law provides no way by which it can be allotted to areas that are in a position to market additional quantities of sugar. Increasing difficulties and dangers of ocean shipping make it more than ever important that these provisions be revised. Thus the bill provides that any deficits in the Philippine quota shall be reallocated in this manner: First, the continental producers of sugar beets and sugarcane shall share proportionately in any deficits in the Philippine duty-free quota of refined sugar; second, foreign countries other than Cuba shall share proportionately the first 100,000 tons of any deficit in raw sugar; and, third, the balance of any deficit shall be shared proportionately by Hawaii, Puerto Rico, the Virgin Islands, and Cuba. It should be noted that the allotment of 100,000 tons of a Philippine deficit to foreign countries other than Cuba is a greater amount of sugar than these countries have ever supplied to the United States in any year, with the exception of 1941.

The provision that only deficits in the Philippine duty-free refined-sugar quotas shall be allotted to continental areas has distinct potential advantages for insular producing areas and Cuba. Under the provisions of the bill, after the allotment of the first 100,000 tons to foreign countries other than Cuba, the balance of any deficit in Philippine raw sugar is to be allotted proportionately to Hawaii, Puerto Rico, the Virgin Islands, and Cuba. So long as the stringency in shipping continues, it is considered probable that substantial deficits will occur in the Philippine quota.

As a needed supplement to the present law, the bill provides that, if any foreign country other than Cuba is unable to fill its quota, the deficit shall first be allotted to those foreign countries which are able to market additional quantities of sugar, and any remainder to the domestic sugar-producing areas and Cuba on the basis of their effective quotas. The bill provides that any Philippine deficit so reallocated, excepting only that reallocated to the continental beet- and cane-sugar areas, shall not be marketed as refined sugar.

The bill amends section 207 (e) of the Sugar Act by reducing Cuba's direct-consumption sugar quota from 375,000 tons to 300,000 tons. This reduction has the practical effect of maintaining the present approximate quantity of raw cane sugar which can enter into continental United States each year for subsequent refining, and hence to maintain the present status of American workmen in the seaboard refining States of Massachusetts, New York, New Jersey, Pennsylvania, Maryland, Louisiana, Texas, and California. The reduction in the direct-consumption quota does not reduce Cuba's total quota under the figure prescribed by the bill. It merely means that 75,000 tons more of Cuban sugar shall be imported in raw form, rather than as direct-consumption sugar. Traditionally, Cuba has marketed her major production in the United States in the form of raw sugar, and sugar refining has never been an important industry in the island. In comparison with the growing and milling of sugarcane, sugar refining is an insignificant part of the economic life of the Cuban people.

On September 8 Secretary Wickard, in announcing his plans for the mobilization of agriculture for national defense, stated that no acreage limitations are contemplated for domestic sugar producers in 1942, thereby indicating the need for bringing about a larger production of sugar in these areas. Because of price increases in other crops competitive with sugar, the economic needs of sugar producers, and the rising costs of sugar production, the bill provides that the base rate of the conditional payment be increased from 60 to 80 cents a hundred pounds, raw value.

A graduated scale of reductions is provided in the payments to be made to producers of more than 350 tons of sugar. In this connection, it is important to observe that the increase in payment is not a burden on the consumer because, as the Secretary of Agriculture has often pointed out, so long as a quota system remains in effect taxes on sugar and conditional payments are not reflected in average retail prices. Moreover, the conditional payment is the only payment now made by the Federal Government on sugar crops.

The Sugar Act of 1937 defines liquid sugar as a product in which the soluble nonsugar solids are equal to 6 percent or less of the total soluble solids. At the time of the approval of the act it was contended by certain importers of these products that liquid sugars containing more than 6 percent of soluble nonsugar solids could not be imported for use in human consumption. However, liquid sugar containing more than 6 percent soluble nonsugar solids has been imported, the volume of displacement of other sugar in 1941 being estimated at 40,000 tons. Liquid sugar which contains more than 6 percent of soluble nonsugar solids is charged against no quota and pays no tax, and clearly evades both the quota and tax provisions of sugar control. To prevent future evasion, the bill provides that liquid sugar include a product in which the soluble nonsugar solids are equal to 8 percent or less of the total soluble solids.

EXPLANATION OF THE BILL

QUOTA PROVISIONS

Section 1 (a) of the bill provides that, in the establishment of quotas for the various producing areas, the Secretary of Agriculture

shall allot to domestic sugar producing areas 56.77 percent (but not less than 3,793,802 short tons) of the total amount of sugar estimated to be needed to meet the requirements of consumers in continental United States. The participation of each area in the domestic quota is as follows:

	<i>Percent</i>
Domestic beet sugar.....	42.49
Mainland cane sugar.....	11.52
Hawaii.....	24.72
Puerto Rico.....	21.03
Virgin Islands.....	.24

Section 1 (b) of the bill provides that foreign countries and the Commonwealth of the Philippine Islands shall be allotted 43.23 percent of estimated consumption requirements (except that if the estimate of consumption is less than 6,682,670 short tons, these producing areas shall be allotted the amount by which the estimate of consumption exceeds 3,793,802 tons) on the following basis:

	<i>Percent</i>
Commonwealth of the Philippine Islands.....	34.70
Cuba.....	64.41
Foreign countries other than Cuba.....	.89

It is provided also that the quota for the Commonwealth of the Philippine Islands shall in no case be less than the duty-free quota established by the provisions of the Philippine Independence Act, and that the quota for foreign countries other than Cuba shall be prorated among such countries on the basis of the revision of the quotas for these countries made in General Sugar Quota Regulations, Series 4, No. 1, issued December 12, 1936, pursuant to the Agricultural Adjustment Act, as amended.

PRORATION OF DEFICITS

Section 2 of the bill directs that the proration of Philippine deficits shall be made as follows:

1. The domestic sugar-beet area and the mainland cane-sugar area shall be allotted, on the basis of their effective quotas, an amount of sugar equivalent to any deficit in the quota of refined sugar which may be brought into continental United States, duty-free, from the Philippine Islands under the provisions of the Philippine Independence Act, as amended.

2. Foreign countries other than Cuba shall be allotted, on the basis of their effective quotas, an amount of sugar not in excess of 100,000 short tons.

3. Hawaii, Puerto Rico, the Virgin Islands, and Cuba shall be allotted, on the basis of their effective quotas, the amount of sugar by which the deficit exceeds 100,000 short tons. It is provided that no part of a Philippine deficit may be filled by direct-consumption sugar other than that allotted to the domestic beet-sugar area and the mainland cane-sugar area.

With respect to the proration of deficits in the quotas of foreign countries other than Cuba, the bill provides that if the Secretary of Agriculture finds that any foreign country other than Cuba is unable to market its quota for any calendar year, he shall prorate the deficit among such foreign countries other than Cuba as the Secretary determines are able to fill the same. The remainder, if any, is allotted

proportionately to the domestic sugar-producing areas and Cuba.

Section 2 (d) continues the guaranty of the present law that the basic quota of a producing area shall not be reduced because of a proration of a deficit.

DIRECT-CONSUMPTION SUGAR QUOTAS

Section 3 of the bill establishes the Cuban direct-consumption sugar quota at 300,000 tons.

CONDITIONAL PAYMENTS

Section 4 of the bill provides that the base rate of conditional payments shall be 80 cents per 100 pounds to producers of less than 350 tons of sugar. A graduated scale of reductions in payments is provided for producers of more than 350 tons.

LIQUID SUGAR

Section 5 of the bill amends the definition of liquid sugar so that there will be included a product which contains up to 8 percent soluble nonsugar solids. This section similarly amends section 401 (b) of the Sugar Act, which relates to the definition of "manufactured sugar."

TERMINATION OF THE ACT

Section 6 provides that the powers vested in the Secretary of Agriculture under the act shall terminate on December 31, 1944, except that the Secretary shall have power to make payments under title III of the Sugar Act for programs applicable to the crop year 1944, and previous crop years.

TERMINATION OF TAXES

Section 7 provides that section 3508, Internal Revenue Code, be amended so that no tax shall be imposed on the manufacture, use, or importation of sugar after June 30, 1945.

PHILIPPINE PAYMENT

Section 8 provides that the period within which refunds may be made of taxes collected on Philippine sugar be extended from June 30, 1942, to June 30, 1945.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows: Existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman:

(Public, No 414—75th Cong.)

SEC. 202. Whenever a determination is made, pursuant to section 201, of the amount of sugar needed to meet the requirements of consumers, the Secretary shall establish quotas, or revise existing quotas—

(a) For domestic sugar-producing areas by prorating among such areas [55.59] 56.77 per centum of such amount of sugar (but not less than [3,715,000] 3,793,802 short tons) on the following basis:

Area		Per centum
Domestic beet sugar.....	[41. 72]	42. 49
Mainland cane sugar.....	[11. 31]	11. 52
Hawaii.....	[25. 25]	24. 72
Puerto Rico.....	[21. 48]	21. 03
Virgin Islands.....	[. 24]	. 24

(b) For foreign countries, and the Commonwealth of the Philippine Islands, by prorating [44.41] 43.23 per centum of such amount of sugar (except, if such amount of sugar is less than 6,682,670 short tons, the excess of such amount over [3,715,000] 3,793,802 short tons) on the following basis:

Area	Per centum
Commonwealth of the Philippine Islands.....	34. 70
Cuba.....	64. 41
Foreign countries other than Cuba.....	. 89

In no case shall the quota for the Commonwealth of the Philippine Islands be less than the duty-free quota now established by the provisions of the Philippine Independence Act [], as amended.

The quota for foreign countries other than Cuba shall be prorated among such countries on the basis of the division of the quota for such countries made in General Sugar Quota Regulations, Series 4, Number 1, issued December 12, 1936, pursuant to the Agricultural Adjustment Act, as amended.

SEC. 204. (a) The Secretary shall, as he deems necessary during the calendar year, determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugar beets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any domestic area, the Commonwealth of the Philippine Islands, or Cuba, will be unable to market the quota for such area. If the Secretary finds that any domestic area or Cuba will be unable to market the quota for such area for the calendar year then current, he shall revise the quotas for the domestic areas and Cuba by prorating an amount of sugar equal to the deficit so determined to the other [such] areas, on the basis of the quotas then in effect. Any portion of such sugar which the Secretary determines cannot be supplied by domestic areas and Cuba shall be prorated to foreign countries other than Cuba on the basis of the prorations of the quota then in effect for such foreign countries. If the Secretary finds that the Commonwealth of the Philippine Islands will be unable to market the quota for such area for the calendar year then current, he shall revise [the quota for foreign countries other than Cuba by prorating an amount of sugar equal to the deficit so determined to such foreign countries, on the basis of the prorations of the quota then in effect for such countries: *Provided, however, That the quota for any domestic area, the Commonwealth of the Philippine Islands, or Cuba or other foreign countries, shall not be reduced by reason of any determination made pursuant to the provisions of this subsection.*] the quotas for domestic sugar-producing areas, for Cuba, and for foreign countries other than Cuba, by prorating an amount of sugar equal to the deficit so determined, as follows:

(1) To the domestic beet-sugar area and to the mainland cane-sugar area, on the basis of the respective quotas for such areas then in effect, an amount equivalent to such part, if any, of such deficit as the Secretary determines is due to inability to market in continental United States the amount of refined sugar permitted to be brought into continental United States, duty free, under the provisions of the Philippine Independence Act, as amended:

(2) To foreign countries other than Cuba, on the basis of the proration of the quotas for such foreign countries then in effect, an amount not in excess of 100,000 short tons of the remainder of such deficit, after giving effect to the foregoing subsection (a) (1);

(3) To Hawaii, Puerto Rico, Virgin Islands, and Cuba, on the basis of the respective quotas for such areas then in effect, the remainder, if any, of the amount of such deficit in excess of 100,000 short tons, after giving effect to the foregoing subsection (a) (1): Provided, however, That no part of any such Philippine deficit so prorated may be filled by direct-consumption sugar except that part, if any, prorated pursuant to the foregoing subsection (a) (1).

(b) If, on the 1st day of September in any calendar year, any part or all of the proration to any foreign country of the quota in effect on the 1st day of July in the same calendar year for foreign countries other than Cuba, has not been filled, the Secretary may revise the proration of such quota among such foreign countries, by prorating an amount of sugar equal to such unfilled proration to all other such foreign countries which have filled their prorations of such quota by such date, on the basis of the prorations then in effect.

(c) If the Secretary finds that any foreign country other than Cuba will be unable to market any part or all of the proration to such foreign country for the calendar year then current, the Secretary may increase the quotas for other foreign countries, for the domestic sugar-producing areas and for Cuba, by prorating an amount of sugar, equal to the deficit so determined, as follows:

(1) To such foreign countries other than Cuba, on the basis of the proration of the quotas for such foreign countries then in effect, such portion of such deficit as the Secretary finds they will be able to market in the calendar year then current;

(2) To the domestic sugar-producing areas and Cuba, on the basis of the respective quotas for such areas then in effect, the remainder, if any, of such deficit.

(d) The quota for any domestic area, the Commonwealth of the Philippine Islands, or Cuba, or other foreign countries, shall not be reduced by reason of any determination made pursuant to the provisions of subsection (a) or subsection (c) of this section 204.

SEC. 207.

(e) Not more than [three hundred and seventy-five thousand] three hundred thousand short tons, raw value, of the quota for Cuba for any calendar year may be filled by direct-consumption sugar.

SEC. 304. (a) The amount of the base rate of payment shall be [60] 80 cents per hundred pounds of sugar or liquid sugar, raw value.

(c) The total payment with respect to a farm shall be the product of the base rate specified in subsection (a) of this section multiplied by the amount of sugar and liquid sugar, raw value, with respect to which payment is to be made, except that [reductions] reduction from such total payment in accordance with the following scale of reductions:

	Reduction in the base rate of pay- ment per hundred- weight of such por- tion
[That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value:	
500 to 1,500	\$0. 050
1,500 to 6,000	. 075
6,000 to 12,000	. 100
12,000 to 30,000	. 125
More than 30,000	. 300]

	Reduction in the base rate of pay- ment per hundred- weight of such portion
That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value:	
350 to 700	\$0. 05
700 to 1,000	. 10
1,000 to 1,500	. 20
1,500 to 3,000	. 25
3,000 to 6,000	. 275
6,000 to 12,000	. 30
12,000 to 30,000	. 325
More than 30,000	. 50

SECTION 101. For the purposes of this Act, except title IV—

* * * * * *

(f) The term "liquid sugar" means any sugars (exclusive of sirup of cane juice produced from sugarcane grown in continental United States) which are principally not of crystalline structure and which contain, or which are to be used for the production of any sugars principally not of crystalline structure which contain, soluble nonsugar solids (excluding any foreign substances that may have been added) equal to 6 per centum *8 per centum* or less of the total soluble solids.

SEC. 401. For the purposes of this title—

* * * * * *

(b) The term "manufactured sugar" means any sugar derived from sugar beets or sugarcane, which is not to be, and which shall not be, further refined or otherwise improved in quality; except sugar in liquid form which contains non-sugar solids (excluding any foreign substance that may have been added) equal to more than 6 per centum *8 per centum* of the total soluble solids, and except also sirup of cane juice produced from sugarcane grown in continental United States.

The grades or types of sugar within the meaning of this definition shall include, but shall not be limited to, granulated sugar, lump sugar, cube sugar, powdered sugar, sugar in the form of blocks, cones, or molded shapes, confectioners' sugar, washed sugar, centrifugal sugar, clarified sugar, turbinado sugar, plantation white sugar, muscovado sugar, refiners' soft sugar, invert sugar mush, raw sugar, sirups, molasses, and sugar mixtures.

SEC. 513. The powers vested in the Secretary under this Act shall terminate on December 31, 1941. *December 31, 1944*, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1941 *1944* and previous crop years.

SEC. 3508. TERMINATION OF TAXES

No tax shall be imposed under this chapter on the manufacture, use, or importation of sugar after June 30, 1942 *June 30, 1945*.



Union Calendar No. 483

77TH CONGRESS
1ST SESSION

H. R. 5988

[Report No. 1430]

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 7, 1941

Mr. FULMER introduced the following bill; which was referred to the Committee on Agriculture

NOVEMBER 19, 1941

Committed to the Committee of the Whole House on the state of the Union
and ordered to be printed

A BILL

To amend the Sugar Act of 1937, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 202 of the Sugar Act of 1937, as amended (re-
4 lating to establishment and revision of quotas), is hereby
5 amended to read as follows:

6 “SEC. 202. Whenever a determination is made, pursuant
7 to section 201, of the amount of sugar needed to meet the
8 requirements of consumers, the Secretary shall establish
9 quotas, or revise existing quotas—

10 “(a) For domestic sugar-producing areas by prorating

1 among such areas 56.77 per centum of such amount of sugar
 2 (but not less than 3,793,802 short tons) on the following
 3 basis:

"Area	Per centum
"Domestic beet sugar-----	42.49
Mainland cane sugar-----	11.52
Hawaii-----	24.72
Puerto Rico-----	21.03
Virgin Islands-----	.24

4 “(b) For foreign countries, and the Commonwealth of
 5 the Philippine Islands, by prorating 43.23 per centum of
 6 such amount of sugar (except, if such amount of sugar is
 7 less than 6,682,670 short tons, the excess of such amount
 8 over 3,793,802 short tons) on the following basis:

"Area	Per centum
"Commonwealth of the Philippine Islands-----	34.70
Cuba-----	64.41
Foreign countries other than Cuba-----	.89

9 In no case shall the quota for the Commonwealth of the
 10 Philippine Islands be less than the duty-free quota now estab-
 11 lished by the provisions of the Philippine Independence Act,
 12 as amended.

13 “The quota for foreign countries other than Cuba shall
 14 be prorated among such countries on the basis of the division
 15 of the quota for such countries made in General Sugar Quota
 16 Regulations, series 4, number 1, issued December 12, 1936,
 17 pursuant to the Agricultural Adjustment Act, as amended.”

18 SEC. 2. That section 204 of the Sugar Act of 1937, as
 19 amended (relating to redistribution of deficits in area quotas),
 20 is amended to read as follows:

1 “SEC. 204. (a) The Secretary shall, as he deems nec-
2 essary during the calendar year, determine whether, in view
3 of the current inventories of sugar, the estimated production
4 from the acreage of sugarcane or sugar beets planted, the
5 normal marketings within a calendar year of new-crop sugar,
6 and other pertinent factors, any domestic area, the Common-
7 wealth of the Philippine Islands, or Cuba, will be unable to
8 market the quota for such area. If the Secretary finds that
9 any domestic area or Cuba will be unable to market the quota
10 for such area for the calendar year then current, he shall
11 revise the quotas for the domestic areas and Cuba by prorating
12 an amount of sugar equal to the deficit so determined to
13 the other areas, on the basis of the quotas, then in effect.
14 Any portion of such sugar which the Secretary determines
15 cannot be supplied by domestic areas and Cuba shall be
16 prorated to foreign countries other than Cuba on the basis of
17 the prorations of the quota then in effect for such foreign
18 countries. If the Secretary finds that the Commonwealth
19 of the Philippine Islands will be unable to market the quota
20 for such area for the calendar year then current, he shall
21 revise the quotas for domestic sugar-producing areas, for
22 Cuba, and for foreign countries other than Cuba, by prorating
23 an amount of sugar equal to the deficit so determined, as
24 follows:

25 “(1) To the domestic beet-sugar area and to the main-

1 land cane-sugar area, on the basis of the respective quotas for
2 such areas then in effect, an amount equivalent to such part,
3 if any, of such deficit as the Secretary determines is due to
4 inability to market in continental United States the amount
5 of refined sugar permitted to be brought into continental
6 United States, duty free, under the provisions of the Philip-
7 pine Independence Act, as amended;

8 “(2) To foreign countries other than Cuba, on the basis
9 of the proration of the quotas for such foreign countries then
10 in effect, an amount not in excess of 100,000 short tons of
11 the remainder of such deficit, after giving effect to the fore-
12 going subsection (a) (1) ;

13 “(3) To Hawaii, Puerto Rico, Virgin Islands, and Cuba,
14 on the basis of the respective quotas for such areas then in
15 effect, the remainder, if any, of the amount of such deficit
16 in excess of 100,000 short tons, after giving effect to the fore-
17 going subsection (a) (1) : *Provided, however,* That no part
18 of any such Philippine deficit so prorated may be filled by
19 direct-consumption sugar except that part, if any, prorated
20 pursuant to the foregoing subsection (a) (1) .

21 “(b) If, on the 1st day of September in any calendar
22 year, any part or all of the proration to any foreign country
23 of the quota in effect on the 1st day of July in the same
24 calendar year for foreign countries other than Cuba, has not
25 been filled, the Secretary may revise the proration of such

1 quota among such foreign countries, by prorating an amount
2 of sugar equal to such unfilled proration to all other such
3 foreign countries which have filled their prorations of such
4 quota by such date, on the basis of the prorations then in
5 effect.

6 “(c) If the Secretary finds that any foreign country
7 other than Cuba will be unable to market any part or all of
8 the proration to such foreign country for the calendar year
9 then current, the Secretary may increase the quotas for other
10 foreign countries, for the domestic sugar-producing areas and
11 for Cuba, by prorating an amount of sugar, equal to the
12 deficit so determined, as follows:

13 “(1) To such foreign countries other than Cuba, on
14 the basis of the proration of the quotas for such foreign coun-
15 tries then in effect, such portion of such deficit as the Secre-
16 tary finds they will be able to market in the calendar year
17 then current;

18 “(2) To the domestic sugar-producing areas and Cuba,
19 on the basis of the respective quotas for such areas then in
20 effect, the remainder, if any, of such deficit.

21 “(d) The quota for any domestic area, the Common-
22 wealth of the Philippine Islands, or Cuba, or other foreign
23 countries, shall not be reduced by reason of any determina-
24 tion made pursuant to the provisions of subsection (a) or
25 subsection (c) of this section 204.”

1 SEC. 3. Section 207 (e) of the Sugar Act of 1937, as
 2 amended (relating to direct-consumption sugar from Cuba),
 3 is amended by striking out "three hundred and seventy-five
 4 thousand" and inserting in lieu thereof "three hundred
 5 thousand."

6 SEC. 4. (a) Subsection (a) of section 304 of the Sugar
 7 Act of 1937 is amended to read as follows:

8 "SEC. 304. (a) The amount of the base rate of pay-
 9 ment shall be 80 cents per hundred pounds of sugar or liquid
 10 sugar, raw value."

11 (b) Subsection (c) of section 304 of the Sugar Act of
 12 1937 is amended to read as follows:

13 "(c) The total payment with respect to a farm shall
 14 be the product of the base rate specified in subsection (a)
 15 of this section multiplied by the amount of sugar and liquid
 16 sugar, raw value, with respect to which payment is to be
 17 made, except that reduction shall be made from such total
 18 payment in accordance with the following scale of reductions:

"That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value	Reduction in the base rate of pay- ment per hundredweight of such portion
"350 to 700_____	\$0. 05
700 to 1,000_____	. 10
1,000 to 1,500_____	. 20
1,500 to 3,000_____	. 25
3,000 to 6,000_____	. 275
6,000 to 12,000_____	. 30
12,000 to 30,000_____	. 325
More than 30,000_____	. 50

1 SEC. 5. (a) Section 101 (f) of the Sugar Act of 1937,
2 as amended (relating to the definition of liquid sugar), is
3 amended by striking out “6 per centum” and inserting in
4 lieu thereof “8 per centum”.

5 (b) Section 401 (b) of the Sugar Act of 1937, as
6 amended (relating to the definition of “manufactured sugar”),
7 is amended by striking out “6 per centum” and inserting in
8 lieu thereof “8 per centum”.

9 SEC. 6. Section 513 of the Sugar Act of 1937, as
10 amended (relating to termination of powers of the Secretary
11 of Agriculture under the Sugar Act), is amended to read as
12 follows:

13 “SEC. 513. The powers vested in the Secretary under
14 this Act shall terminate on December 31, 1944, except that
15 the Secretary shall have power to make payments under
16 title III under programs applicable to the crop year 1944
17 and previous crop years.”

18 SEC. 7. Section 3508 of the Internal Revenue Code
19 (relating to termination of taxes under the Sugar Act) is
20 amended to read as follows:

21 “SEC. 3508. TERMINATION OF TAXES.

22 “No tax shall be imposed under this chapter on the
23 manufacture, use, or importation of sugar after June 30,
24 1945.”

1 SEC. 8. Section 503 of the Sugar Act of 1937, as
 2 amended (relating to payments to the Commonwealth of
 3 the Philippine Islands), is amended by striking out "June
 4 30, 1942" and inserting in lieu thereof "June 30, 1945".

77TH CONGRESS
1ST SESSION

H. R. 5988

Union Calendar No. 487

[Report No. 1430]

A BILL

To amend the Sugar Act of 1937, as amended,
and for other purposes.

By Mr. FULMER

NOVEMBER 7, 1941

Referred to the Committee on Agriculture

NOVEMBER 19, 1941

Committed to the Committee of the Whole House on
the state of the Union and ordered to be printed

Some of these reasons were these: I got the specifications for the construction of some national-defense houses. They had copper water pipes running throughout the house. They had copper screens in the specifications. Electric refrigerators and electric stoves were provided. I was told by a builder that the construction in the flue is the construction that would be put into a house to last 50 years. Only the best brass hardware was used throughout the building. At that time they told us that these houses were only being built for temporary occupancy, and it was then the plan to dismantle them and get as much as they could for them after the purpose for which they were constructed had been served.

I do not know what this bill provides. I submit to you there are not 20 men in the House of Representatives this minute who do know the provisions of this bill. You do not know and you never have had an opportunity to inquire, may I say, whether or not it was proper that it be taken from one agency and put in another. I am not arguing about that. Perhaps it is good. Nobody has explained it. The gentleman from Texas [Mr. LANHAM] is a great man. He is fearless. He is a good chairman, but even he, in 20 minutes, could not give his colleagues in the House the benefit of the contents of this bill.

I submit to you that when we are spending this money we should take a little more time. Perhaps we should question a lot of the other money we are appropriating here. But we are about to spend \$300,000,000 to build defense houses. When you build them you build them in competition with private contractors and many other things. It is not the type of legislation that should be considered with 40 minutes of debate on the floor of this House. You will not harm the bill if you vote it down and let it go through the regular channels so that we can hear the story.

[Here the gavel fell.]

Mr. MCGREGOR. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey [Mr. OSMERS].

Mr. OSMERS. Mr. Speaker, I do not believe there is any difference of opinion among the Members of this House with respect to the Federal Government's responsibility in connection with defense housing, nor do I believe there is any difference of opinion with respect to the almost complete break-down and confusion of the housing program. As a member of the Tolan committee that has been investigating national-defense migration, I can state that this committee found evidence in all parts of the country that there was no coordination of defense housing activities in the United States, and in our recommendation submitted to the Congress in October we stated that the reorganization of the Office of Defense Housing Coordination was absolutely imperative. This recommendation was based on evidence given to the committee that there is a striking lack of coordination of Federal housing activities in defense communities; and, further, we believe that the basic policy of

this Office in relying upon private builders to meet the present shortages has been a mistake. It is for these reasons and from a personal study of conditions that I oppose the consideration of this bill under a suspension of the rules. I had a simple amendment I wanted to offer to this bill which would have changed the method for determining the need for defense housing and placing it with the Public Works Administrator rather than with the President. The President secures his advice from Mr. Palmer, the present Housing Coordinator, and I believe there is ample evidence that Mr. Palmer's office has failed to adequately appraise the need for defense housing in the United States. I believe we need not delay an unusual length of time putting this measure through in the regular course of business of the House. Nearly every Member has defense housing near or in his district, and many have important contributions to make to the writing of this bill. I feel very much as did the gentleman from Ohio, who read the list of questions that Congress wants answered. I believe we should get the answers to those questions before acting.

Mr. CANFIELD. Mr. Speaker, will the gentleman yield?

Mr. OSMERS. I yield.

Mr. CANFIELD. The gentleman from New Jersey knows that in connection with defense-housing administration some Federal officers have been exceedingly harsh in their relationships toward local governmental agencies; and furthermore, promises, when made by Uncle Sam's agents, have not been kept. The record shows this. One of the abortions was committed in my district not far from the gentleman's district. It will never be done again.

Mr. LANHAM. Mr. Speaker, will the gentleman yield for a question?

Mr. OSMERS. I know of the situation spoken of by the gentleman from New Jersey [Mr. CANFIELD].

[Here the gavel fell.]

Mr. MCGREGOR. Mr. Speaker, may I inquire how the time stands?

The SPEAKER pro tempore (Mr. WHITTINGTON). The gentleman from Ohio has 1 minute remaining; the gentleman from Texas has 2 minutes.

Mr. MCGREGOR. Mr. Speaker, I do appreciate the courtesy that was given me, and I appreciate the splendid contributions that were made by the Members.

I would like to have the Members vote "no" on this motion to suspend the rules. This will bring the bill up not under a suspension of the rules but in the regular course of business when it can be fully considered. Probably a rule will be granted by the Rules Committee. The bill should not be passed until it has received full consideration.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. MCGREGOR. I yield.

Mr. COX. A rule has already been granted for the consideration of this bill. I believe I am in error about that, it was on another bill.

Mr. MCGREGOR. Mr. Speaker, if we vote "no" on this motion, then the com-

mittee can go to the Rules Committee and ask for a rule. They have not yet asked for a rule. I am sure they can get a rule if they ask for one. The thing to do then is to vote "no" on the motion to suspend so the legislation can be brought up under such circumstances as will give us time to discuss it.

[Here the gavel fell.]

Mr. LANHAM. Mr. Speaker, I yield the balance of my time to the gentleman from Massachusetts [Mr. HOLMES].

The SPEAKER. The gentleman from Massachusetts is recognized.

Mr. HOLMES. Mr. Speaker—

Mr. WILSON. Mr. Speaker, will the gentleman yield?

Mr. HOLMES. I yield for a question only. I have but 2 minutes.

Mr. WILSON. Reference was made by one of the Members with regard to improper coordination. I want to state from my observation as a member of the committee that I for one feel that Mr. Palmer has done a wonderful job in the hurried time he has had to deal with the housing problem.

Mr. HOLMES. I appreciate the gentleman's contribution.

Mr. Speaker, this is no new legislation. The Congress has already passed two bills on the subject; the original bill authorizing \$150,000,000, and a second bill appropriating an additional \$150,000,000. We are today asked to appropriate \$300,000,000 more. As a member of the committee which has given weeks and months of study to this legislation I believe—and there is no one here who can deny it—that this housing is necessary and must be constructed.

In this bill we have tried to clear up questions of doubt that were found in the original legislation; in other words, we want more cooperation by the Federal Government with municipal authorities. We want private people to build as many homes as possible. We do not want the Government to build unless private capital fails.

We have placed the responsibility in this legislation for the construction of defense housing in the hands of the Public Buildings Administrator, or in his discretion the War Department and the Navy Department. We have tried here to protect the municipalities by providing for taxation of the properties built by the United States Government. We have fixed the question of rentals so that rentals will not be a subsidy but will be computed according to the value of the property rented.

I hope this legislation passes today.

[Here the gavel fell.]

The SPEAKER. The time of the gentleman from Massachusetts has expired; all time has expired.

The question is, Will the House suspend the rules and pass the bill (H. R. 6128) to amend the act entitled "An act to expedite the provisions of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended.

The question was taken; and the Chair being in doubt, the House divided; and there were—ayes 83, noes 70.

So two-thirds having failed to vote in the affirmative, the bill was not passed.

The SPEAKER. The Chair recognizes the gentleman from South Carolina [Mr. FULMER].

AMENDMENT OF SUGAR ACT OF 1937, AS AMENDED

Mr. FULMER. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 5988) to amend the Sugar Act of 1937, as amended, and for other purposes.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 202 of the Sugar Act of 1937, as amended (relating to establishment and revision of quotas), is hereby amended to read as follows:

"SEC. 202. Whenever a determination is made, pursuant to section 201, of the amount of sugar needed to meet the requirements of consumers, the Secretary shall establish quotas, or revise existing quotas—

"(a) For domestic sugar-producing areas by prorating among such areas 56.77 percent of such amount of sugar (but not less than 3,793,802 short tons) on the following basis:

Area:	Percent
Domestic beet sugar.....	42.49
Mainland cane sugar.....	11.52
Hawaii.....	24.72
Puerto Rico.....	21.03
Virgin Islands.....	24

"(b) For foreign countries, and the Commonwealth of the Philippine Islands, by prorating 43.23 percent of such amount of sugar (except, if such amount of sugar is less than 6,682,670 short tons, the excess of such amount over 3,793,802 short tons) on the following basis:

Area:	Percent
Commonwealth of the Philippine Islands.....	34.70
Cuba.....	64.41
Foreign countries other than Cuba.....	89

In no case shall the quota for the Commonwealth of the Philippine Islands be less than the duty-free quota now established by the provisions of the Philippine Independence Act, as amended.

"The quota for foreign countries other than Cuba shall be prorated among such countries on the basis of the division of the quota for such countries made in General Sugar Quota Regulations, series 4, No. 1, issued December 12, 1936, pursuant to the Agricultural Adjustment Act, as amended."

SEC. 2. That section 204 of the Sugar Act of 1937, as amended (relating to redistribution of deficits in area quotas), is amended to read as follows:

"SEC. 204. (a) The Secretary shall, as he deems necessary during the calendar year, determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugar beets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any domestic area, the Commonwealth of the Philippine Islands, or Cuba, will be unable to market the quota for such area. If the Secretary finds that any domestic area or Cuba will be unable to market the quota for such area for the calendar year then current, he shall revise the quotas for the domestic areas and Cuba by prorating an amount of sugar equal to the deficit so determined to the other areas, on the basis of the quotas, then in effect. Any portion of such sugar which the Secretary determines cannot be supplied by domestic areas and Cuba shall be prorated to foreign countries other than Cuba on the basis of the prorations of the quota then in effect for such foreign countries. If the Secretary finds that the Commonwealth of the Philippine Islands will be unable to market the quota for such area for the calendar year then current, he shall revise the quotas for domestic sugar-producing areas, for Cuba, and for foreign

countries other than Cuba, by prorating an amount of sugar equal to the deficit so determined, as follows:

"(1) To the domestic beet-sugar area and to the mainland cane-sugar area, on the basis of the respective quotas for such areas then in effect, an amount equivalent to such part, if any, of such deficit as the Secretary determines is due to inability to market in continental United States the amount of refined sugar permitted to be brought into continental United States, duty free, under the provisions of the Philippine Independence Act, as amended;

"(2) To foreign countries other than Cuba, on the basis of the prorating of the quotas for such foreign countries then in effect, an amount not in excess of 100,000 short tons of the remainder of such deficit, after giving effect to the foregoing subsection (a) (1);

"(3) To Hawaii, Puerto Rico, Virgin Islands, and Cuba, on the basis of the respective quotas for such areas then in effect, the remainder, if any, of the amount of such deficit in excess of 100,000 short tons, after giving effect to the foregoing subsection (a) (1): *Provided, however,* That no part of any such Philippine deficit so prorated may be filled by direct-consumption sugar except that part, if any, prorated pursuant to the foregoing subsection (a) (1).

"(b) If, on the 1st day of September in any calendar year, any part or all of the proration to any foreign country of the quota in effect on the 1st day of July in the same calendar year for foreign countries other than Cuba, has not been filled, the Secretary may revise the proration of such quota among such foreign countries, by prorating an amount of sugar equal to such unfilled proration to all other such foreign countries which have filled their prorations of such quota by such date, on the basis of the prorations then in effect.

"(c) If the Secretary finds that any foreign country other than Cuba will be unable to market any part or all of the proration to such foreign country for the calendar year then current, the Secretary may increase the quotas for other foreign countries, for the domestic sugar-producing areas and for Cuba, by prorating an amount of sugar, equal to the deficit so determined, as follows:

"(1) To such foreign countries other than Cuba, on the basis of the prorating of the quotas for such foreign countries then in effect, such portion of such deficit as the Secretary finds they will be able to market in the calendar year then current;

"(2) To the domestic sugar-producing areas and Cuba, on the basis of the respective quotas for such areas then in effect, the remainder, if any, of such deficit.

"(d) The quota for any domestic area, the Commonwealth of the Philippine Islands, or Cuba, or other foreign countries, shall not be reduced by reason of any determination made pursuant to the provisions of subsection (a) or subsection (c) of this section 204."

SEC. 3. Section 207 (e) of the Sugar Act of 1937, as amended (relating to direct-consumption sugar from Cuba), is amended by striking out "three hundred and seventy-five thousand" and inserting in lieu thereof "three hundred thousand."

SEC. 4. (a) Subsection (a) of section 304 of the Sugar Act of 1937 is amended to read as follows:

"SEC. 304. (a) The amount of the base rate of payment shall be 80 cents per hundred pounds of sugar or liquid sugar, raw value."

(b) Subsection (c) of section 304 of the Sugar Act of 1937 is amended to read as follows:

"(c) The total payment with respect to a farm shall be the product of the base rate specified in subsection (a) of this section multiplied by the amount of sugar and liquid sugar, raw value, with respect to which payment is to be made, except that reduction

shall be made from such total payment in accordance with the following scale of reductions:

"That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value:

Reduction in the base rate of payment per hundred-weight of such portion	
350 to 700.....	\$0.05
700 to 1,000.....	.10
1,000 to 1,500.....	.20
1,500 to 3,000.....	.25
3,000 to 6,000.....	.275
6,000 to 12,000.....	.30
12,000 to 30,000.....	.325
More than 30,000.....	.50

SEC. 5 (a) Section 101 (f) of the Sugar Act of 1937, as amended (relating to the definition of liquid sugar), is amended by striking out "6 percent" and inserting in lieu thereof "8 percent."

(b) Section 401 (b) of the Sugar Act of 1937, as amended (relating to the definition of "manufactured sugar"), is amended by striking out "6 percent" and inserting in lieu thereof "8 percent."

SEC. 6. Section 513 of the Sugar Act of 1937, as amended (relating to termination of powers of the Secretary of Agriculture under the Sugar Act), is amended to read as follows:

"SEC. 513. The powers vested in the Secretary under this act shall terminate on December 31, 1944, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1944 and previous crop years."

SEC. 7. Section 3508 of the Internal Revenue Code (relating to termination of taxes under the Sugar Act) is amended to read as follows:

"SEC. 3508. TERMINATION OF TAXES

"No tax shall be imposed under this chapter on the manufacture, use, or importation of sugar after June 30, 1945."

SEC. 8. Section 503 of the Sugar Act of 1937, as amended (relating to payments to the Commonwealth of the Philippine Islands), is amended by striking out "June 30, 1942" and inserting in lieu thereof "June 30, 1945."

The SPEAKER. Is a second demanded?

Mr. CANNON of Florida and Mr. RIZLEY rose.

Mr. RIZLEY. Mr. Speaker, I demand a second.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. RIZLEY. I am, Mr. Speaker.

The SPEAKER. Is the gentleman a member of the Committee on Agriculture?

Mr. RIZLEY. Yes, Mr. Speaker.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. FULMER. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Speaker, the chairman of the Committee on Agriculture was absolutely right when he asked that committee to pass this bill without hearings. The original sugar bill was considered by the Committee on Agriculture in 1934 after long and extensive hearings. It was renewed in 1937, after long and extensive hearings. When it expired 1 year ago, we passed a continuing resolution, without hearings, that it would be continued for 1 year, and that is the law we are now operating under.

The only question now before the House is whether operation under the act shall be continued for 1 year or for 3 years. Even the gentleman from Texas, who is against this bill, offered in the committee a continuing resolution for 1 year. This is a continuation for 3 years, with slight changes only.

I know of no act that has come before the House since I have been a Member of it that has been as beneficial as the Sugar Act. When the law was passed, the sugar growers as well as the processors were practically bankrupt throughout the Nation. Under this law, stabilizing the industry, it has been possible for the beet growers, the cane growers, and the processors to thrive, and it has given the American people the cheapest sugar they have had for a long time.

It has collected from the sugar users and processors over \$37,000,000 more than has been paid out in benefits. Under the law, the benefits paid to the cane growers and the sugar-beet growers are 60 cents per hundredweight of sugar.

I am in favor of the pending bill—H. R. 5988—introduced by our colleague the gentleman from South Carolina [Mr. FULMER]. I repeat, this bill is practically an extension of the present Sugar Act under which we are now operating. It expires December 31, 1941, hence some action is immediately necessary. The original Sugar Act was passed in 1934—the Jones-Costigan Act. It was amended and renewed in 1937. The pending bill is virtually an extension of the present act for 3 years, until January 1, 1945.

CONDITION OF SUGAR INDUSTRY PRIOR TO PRESENT LAW

Prior to the inauguration of this administration in 1933 the sugar industry was in a chaotic condition. After the first World War, there was a big development in Cuba and other South Sea islands for the production of cane sugar. Help was cheap, living conditions were low, and money for heavy investments was found available in New York. During the first World War sugar went from low to high prices very rapidly. There was no market stability. For many months the price was pegged at \$27.50 per hundredweight retail.

After the first World War the sugar-beet growers of the United States enjoyed a few years of semi-prosperity and then they suffered great financial losses. The sugar-beet interests, producers and refiners, in the United States were practically bankrupt in 1933. This situation called for immediate legislative action.

THE SUGAR ACT OF 1934

In 1934 the Congress passed the Jones-Costigan law, which stabilized the industry. It provided quotas of sugar to be shipped into the United States from the Philippines, Hawaii, Cuba, Puerto Rico, and other islands. It provided quotas for cane growers in Louisiana and Florida and for the sugar-beet growers of the West. Under this act a \$10-per-ton processing tax was levied on refined sugar. This tax on the refiners was collected by the Bureau of Internal Revenue and paid into the general fund of the Treasury. The benefit payments were graduated, smaller amounts being paid

to growers of more than 350 tons of sugar. Those producing less than 350 tons received 60 cents per hundred pounds.

The amounts provided by law were spread among sugar-beet and cane producers of the continental United States through appropriations made by Congress. It thus becomes of interest to Members of the Congress to know just how much has been collected under the act, how much distributed to the growers, and what amount of profit has remained in the Federal Treasury. These figures were given to me by the Sugar Section of the Department of Agriculture on November 28, 1941.

Collections and disbursements under the Sugar Act

	Revenue tax	Payments	Profits to Government
1938 ¹	\$33,508,820	\$22,160,073	\$11,348,547
1939.....	69,194,645	52,810,365	16,384,280
1940.....	73,601,760	47,386,824	26,214,736
1941.....	80,146,551	46,118,956	34,027,365

Total receipts in excess of disbursements, \$87,974,928.
¹1938 covered a partial year of operation. Figures cover fiscal years ending June 30.

Under this law, there has been collected a total of \$87,974,928 of excess over payments made to producers. In other words, that amount of money has been the contribution of the sugar processors, growers, and consumers, to the Treasury of the United States. This is no small matter when the emergency is causing a search for sources of revenue.

EFFECT OF THE PROCESSING LAW

The processing tax stabilized the sugar industry. It made it possible for the growers of sugar beets and the processors to figure on a stable business. The growers of sugar beets and of cane in the continental United States knew when they harvested their crops what they were going to get. Payments depended upon the amount of sugar content and the amount that the processors realized for the sugar. Under this law, the sugar-beet growers in the Pacific Northwest have averaged about \$7 per ton for beets. The growers of cane in Louisiana and Florida have likewise benefited by reason of the existing law.

BENEFIT PAYMENTS INCREASED

This bill increases the benefit payments to the producers of raw beets and of cane from 60 to 80 cents per hundred pounds of sugar. It raises their benefit payments one-third. This is necessary to pay the excess costs of increased wages, taxes, and machinery prices, as well as general increased costs of farm operations.

INCREASED ACREAGE

This bill provides an increased acreage of 4 percent for the present cane and beet growers in the continental United States. This is an extremely small increase, in the face of the extra demand that the Government is making for increasing foodstuffs.

REDUCTION IN IMPORTS OF OFFSHORE SUGAR

The bill provides for a reduction in refined-sugar imports from Cuba of 75,000 tons. The pending bill also provides

for a decrease in the quota from the Philippines of 27,363 tons, and from other foreign countries 702 tons. Reduction in the quota of the Philippine Islands affects only the dutiable portion of that quota, and does not involve the duty-free quota which is provided for in the Philippine Independence Act. The Philippines have never used any portion of this quota, so they have never paid duty. This bill works no hardship on the Philippines, as they are not able to fill their duty-free quota.

DECREASE IN IMPORTATION OF OFFSHORE SUGAR

There is a slight decrease in import allowance of offshore refined sugar, but in no way does it affect offshore raw sugar. Therefore, the bill has no effect upon the sugar refineries in either the Atlantic or Pacific States.

CHEAP SUGAR

The cheapest sugar the consumer has ever bought in the United States has been bought during the period of operation under this law. The average cost of sugar to the housewife has been about 5 cents per pound; at the present time 5½ cents. It is safe to predict that, during the exigencies of the present emergency, it will not advance much, if any, above its present price.

SECRETARY ASKS INCREASED PRODUCTION

The Secretary of Agriculture, speaking for the administration, asks all agricultural producers to increase their production. All farmers of America are preparing to do this and are cooperating fully with the administration. The extension of this law at this time by the passage of H. R. 5988 is necessary to give the sugar growers, both cane and beet, in the United States, an opportunity to fulfill to the fullest degree the request of the Government as made by the Secretary of Agriculture.

SUGAR ESSENTIAL FOR CIVILIZED MAN

Sugar has, in the last century, become recognized as an essential energy food, beneficially used by civilized men everywhere. It was only a little more than a century ago when it was found that sugar could be commercially extracted from the sugar beet. The process has been improved from time to time, until today it is scientifically possible to grow profitably sugar beets of a high percentage of sugar, with a very small subsidy, supplied by the processors. This processing tax is necessary to maintain the American standard of living for those engaged in the industry which must compete with the low living standards of the tropics.

PROCESSING FEE IS NO TAX ON CONSUMER

Many wild statements have been made about the sugar-beet business being a business that can exist only with a subsidy, and that it is costly to the consumer. The experience of the last 7 years, under the present law, proves the fallacy of this statement. Sugar has never been so cheap. Prices have never been as stable. Products have been 100 percent perfect. Both growers and processors have prospered. There has been no wild speculation, and an essential article of food has been furnished for the consuming public at a comparatively low price.

CONTINUING RESULTS

Those opposing the passage of this bill today asked, in the Committee on Agriculture, that a continuing resolution, only, be passed, keeping the present law in force for 1 year, without modification. We passed such a resolution last year, and are working under it now. There is no good reason why we should ask the sugar-beet growers, the processors, and the cane growers to conduct their business on a year-to-year basis. This Congress has all the facts necessary and can safely enact the pending bill giving the growers and processors of sugar a stable business for 3 years. It is our duty as a Congress to avail ourselves of this opportunity, so that the men who are producing this necessary food commodity may make their plans accordingly.

OFF-SHORE SUGAR

It is often stated that we can buy our sugar in the islands of the Pacific and the Caribbean cheaper than we can produce it in the United States. We are told that we ought to allow these tropical countries to grow the cane and be satisfied here to sell them our manufactured goods and other products of the Temperate Zone. The difficulty surrounding this proposition is that we have no assurance that they will buy our products in exchange should we buy their off-shore raw sugar, and the further fact that they produce that raw sugar under extremely low standards of living and pay their help a wage far below the standard wages paid in the continental United States. American workmen, either in sugar refineries or on farms, cannot exist on the prices paid the cheap, servile help of Cuba and other islands where there are no laws governing wages and hours. Neither should we depend entirely on offshore sugar, incurring the risks of monopolization and price control by the great bankers.

SHOULD SUGAR-BEET ACREAGE BE INCREASED?

I have ever contended that we should grow our own sugar in the United States. The sugar beet could be grown in competition with offshore sugar without any benefit payment to sugar-beet growers, provided the offshore grower produced it under the same working conditions which we expect in the United States. It is my judgment that, following this act, there should be a general sugar act passed further decreasing the future importation of offshore refined sugar and granting the increased quotas to the beet and cane producers in the continental United States.

Sugar beets are a profitable crop when produced under conditions made possible by the present law. The pending bill will increase the benefit payments to sugar-beet growers in high-producing areas so that they will get about \$8 per ton. On more than a million acres that will be planted to sugar beets there will be produced something like twelve or thirteen million tons of beets. This will produce nearly 2,000,000 tons of sugar. In something like 100 beet-sugar factories located in the United States this will afford a large amount of well-paid labor for American citizens. The beet pulp, after

the sugar has been extracted, has been found a most excellent feed with which to fatten cattle, and it is said to be worth at least a hundred million dollars yearly. There is also an industry of producing sugar-beet seed which will yield nearly \$2,000,000 to enterprising American farmers.

It is acknowledged by the Department of Agriculture that the production of sugar beets can be alternated with clover, alfalfa, and other crops, making it a very profitable crop to grow in rotation. Farmers producing sugar beets find their farms increasing in fertility from year to year.

[Here the gavel fell.]

Mr. FULMER. Mr. Speaker, I yield 1 minute to the Resident Commissioner from Puerto Rico.

Mr. PAGÁN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include a letter from the President.

The SPEAKER. Is there objection to the request of the Resident Commissioner from Puerto Rico?

There was no objection.

Mr. PAGÁN. Mr. Speaker, I arise to object to the bill under consideration, as it affects, and is inimical to, the American territories of Puerto Rico and Hawaii. The bill is unfair to Puerto Rico and Hawaii. It contains unjust discriminations which are not necessary nor are justified by the present situation of the sugar industry. In discriminating against the domestic areas of Puerto Rico and Hawaii, it tends to create a sore feeling among the American citizens of Puerto Rico and Hawaii as if we were second-class or inferior citizens of this great country, something that we certainly resent.

Under the present control program and legislation, after long and extensive hearings, after people from all the sugar and beet areas were fully heard, and also after administration officers were heard, a quota was originally allocated to Puerto Rico, which at that time was also really unfair. Puerto Rico had to cut its production and shipments in more than 300,000 tons of its normal output. This was done by the original Jones-Costigan Act in 1934. This unfair quota was again allocated by the present Sugar Act of 1937, against our reasoned opposition. Now, by this bill, this quota is again cut and reduced, when it is really unnecessary under the present conditions of the sugar industry in the mainland.

The quota of Puerto Rico has been less in proportion to the island's ability to produce than has been true in any other area. Puerto Rico is the only area that has filled its quota every year under the control program. The island's quota is at least 35 percent below the island's ability to produce, while that of most of other major producing areas is equal to or in excess of their ability to produce, as shown by the record under the quota system.

In the matter of Government payments, due to the fact that production of sugarcane in Puerto Rico as well as in all areas is in large-scale units, the process-

ing tax in the case of Puerto Rico is greater than the Government payments. Nevertheless, certain continental areas are seeking to increase the Government payment for their own areas without a similar increase for Puerto Rico and Hawaii.

If there are to be changes in the raw-sugar quota and in Government payments, the changes should be made on some uniform basis and not on the basis of clear discrimination against Puerto Rico and Hawaii.

In the matter of refined sugar, the present Sugar Act permits the continental sugarcane and sugar-beet producers to refine any or all of their sugar while establishing refined quotas for Puerto Rico and Hawaii in an amount about equal to that which had been shipped in previous years. This type of legislation clearly discriminates against Puerto Rico and Hawaii.

The refined issue narrows itself down to whether or not the eastern seaboard refiners have the right to say who shall and who shall not refine raw sugar. In other words, it raises the question not only of discrimination and injustice to Puerto Rico and Hawaii but it raises the question as to whether or not it is for the best interest of the consuming public to turn over to the 17 refiners on the continent a practical monopoly of the sugar-refining business. In this connection, in a letter dated August 7, 1937, addressed to Hon. Pat Harrison, United States Senate, Secretary of State Cordell Hull said:

It is believed to be against the public interests for the Government to grant any further measure of protection to a group whose record repeatedly indicated it would resort to monopolistic practices and conspire to restrain trade in violation of the antitrust laws. Only a little over a year ago the United States Supreme Court upheld a lower court ruling and found the Sugar Institute guilty on 40 separate counts of engaging in a combination and conspiracy to restrain trade in sugar.

It is not a matter of business or economic gain but a matter of equal opportunity and justice in the democratic process on which Puerto Rico bases its insistence against discrimination.

Such discrimination, the President, in his letter of April 11, 1940, to the chairman of the House Agricultural Committee, Hon. MARVIN JONES, points out as being entirely unjustified and un-American. He said:

The people of the Territory of Hawaii and the possessions of Puerto Rico and the Virgin Islands are American citizens who compose some of these minority groups in our population with local governments that lack the protection of statehood. If this circumstance were not given adequate consideration, it would be possible to destroy by legislation the livelihood of our citizens in the insular parts of the United States through the enactment of discriminatory prohibitions against their products; and they would possess no legal power to take counter measure in self-defense. Such a course of action, as I have pointed out on a previous occasion, would be tantamount to an imperialistic classification of citizens and a tyrannical abuse of minority rights that is utterly contrary to the American concept of fairness and democracy. Among the cases in point is the proposal to reinstate the former discrimina-

tion against the refining of sugar in the insular parts of the United States.

I ask that the quotas of the present law be reinstated, to avoid increased discriminations and injustices to Puerto Rico. That would be fair. May I read a letter from the President about this question of sugar.

The letter which President Roosevelt addressed to me today, concerning sugar legislation, reads as follows:

THE WHITE HOUSE,

Washington, December 1, 1941.

MY DEAR MR. PAGÁN: I wish to acknowledge your letter of November 5, and the memorandum accompanying it, in both of which you gave your views on sugar legislation. You have expressed the fear that certain bills about to be introduced in the Congress would discriminate against Puerto Rico and other offshore sugar-producing areas.

I recommended sugar-quota legislation in 1934, which took form in the Jones-Costigan Act of 1934 and subsequent legislation, primarily because the sugar-tariff rates of the 1920-30 decade, contrary to the expectations of their advocates, had resulted in an accumulation of surpluses of sugar, price depression, and general demoralization of the sugar industry. Domestic sugar-beet and sugarcane producers then complained of poor returns, wage rates were low, and Cuba suffered financial and economic chaos. To meet the economic and social problems, resulting from low incomes and large surplus supplies a sugar program was recommended.

The administration has not recommended sugar legislation at this session of Congress, for today we are no longer confronted with the price-depressing surpluses which in prior years were so burdensome and difficult to manage. On the contrary, a balance between supply and demand has been created as the result of stimulation of consumption of sugar growing out of a wider distribution of a larger national income, some building up of stocks, and the diversion of large quantities of sugarcane in Cuba to the production of high-test molasses for making industrial alcohol. In fact it was found necessary in August to establish a ceiling price on sugar to prevent excessive speculation. I am advised that it is not expected that any available price-depressing surpluses will reappear, at least as long as the war continues. As you know, the Department of Agriculture has already announced that it will not be necessary to limit the 1942 Puerto Rican crop.

It must also be recognized that a quota and allotment structure may, under the conditions now current, conflict with the national welfare and defense requirements to the extent that such provisions have a limiting effect upon the free flow of goods and the efficient use of the land and water transportation facilities of the Nation.

The principal purpose to be served by the continuation of the sugar-quota system is to be found in the protection it will provide the industry after the termination of the war. For it is reasonable to suppose that when the usage of sugarcane for industrial alcohol returns to normal levels, the large stocks of sugar in certain distant areas again move freely, and holders of accumulated stocks in the United States begin to reduce their inventories to the level of prior years, the price of sugar in the domestic market may again become disastrously low within a quota system. Consequently, if the various parts of the domestic sugar industry can agree on sugar legislation which does not conflict with the public interest, conforms to defense requirements, and is noncontroversial in character, it may be advisable to continue the sugar-quota system and its necessary complementary features to serve as

a protection to the industry in the post-war period, even if it be found necessary to suspend the quota provisions of the act during the emergency.

Please be assured that I am glad to have your views on sugar legislation. As you know, this administration has repeatedly stated its objections to any provisions in sugar legislation which discriminate against Puerto Rico and the Territory of Hawaii. I am advised that you have already brought your views to the attention of the various Federal departments which are primarily concerned with sugar legislation.

Very sincerely yours,

FRANKLIN D. ROOSEVELT

HON. BOLIVAR PAGÁN,

Resident Commissioner of Puerto Rico, House Office Building, Washington, D. C.

Mr. GREEN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GREEN. The Florida delegation is very much opposed to this bill.

The SPEAKER. That is not a parliamentary inquiry.

Mr. GREEN. I want to know about dividing this time. We have very little time.

The SPEAKER. That is not a parliamentary inquiry.

Mr. GREEN. Mr. Speaker, what is the rule for dividing the time?

The SPEAKER. The time in favor of the resolution is in the hands of the gentleman from South Carolina [Mr. FULMER] and the time for those opposed to the resolution is in the hands of the gentleman from Oklahoma [Mr. RIZLEY].

Mr. GREEN. Is there not a rule that the opposition shall have half of the time?

The SPEAKER. Under the rules there are 20 minutes in favor of the resolution and 20 minutes in opposition.

Mr. RIZLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS. Mr. Speaker, I hope that the House will suspend the rules and pass H. R. 5988, which is commonly referred to as the sugar bill. I believe that the best interests of our entire country will be served by the passing of this legislation. This bill does give some expansion to the continental growers of beet and cane sugar. It does not go nearly as far as it should and as far as I would like to have it go, but I feel that it is imperative that we pass this bill rather than have no bill at all passed this year.

The housewives of the country well remember what they had to pay for sugar during the last World War. I do not have before me the exact figures on the price of sugar in 1917 and 1918, but I do know that it exceeded 30 cents a pound. It was entirely out of line with all other food prices and most prices of all kinds. When it is realized that it was not American producers of sugar that forced that price up during the last World War, the American housewives are going to expect that this Congress increase the domestic quotas of sugar at this time, when there appears a likelihood that the supply of foreign sugar and raw sugar reaching our shores may be curtailed. During the last World War it was the foreign producers

of sugar that extracted unreasonable and enormous prices for sugar from the American housewives. All that the domestic producers are asking at this time is that they be allowed to raise the sugar needed and raise it at a reasonable price.

This bill proposes to increase the basic quotas of continental sugar produced by about 4 percent. This increase amounts to approximately 62,000 tons for sugar beets and almost 17,000 tons for Louisiana and Florida cane sugar. It does this without materially lessening the allotment for Hawaii, Puerto Rico, or the Virgin Islands. In fact, if we figure these insular possessions on the same basis that we do continental growers—that is, by charging them with their own sugar consumption—they are not reduced at all.

In a sense this bill is a stopgap and is something that should be passed now to take care of the immediate situation. I have stated before that it does not go as far in increasing the domestic allotment for sugar as it ought to. But I think it does establish a precedent and that it embodies a good principle. In this bill we are increasing continental quotas by about 4 percent. In doing this we are recognizing, in a measure at least, the fact that the American market belongs to the American farmer, and we are proposing to give to him a portion of that market without apologies or concessions to anyone.

I hope that Congress will pass this bill.

Mr. RIZLEY. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. PETERSON].

Mr. PETERSON of Florida. Mr. Speaker, I sincerely hope the House will vote down this motion. The bill was before the Committee on Rules and that committee agreed to allow 3 hours of debate, and the rule would allow such amendments as would be necessary to perfect the bill. All we are asking is a chance to give our cause to the House so the Members may act upon it. We have to beg to get just 1 minute to discuss a matter that involves our State and a number of other States of the Union. It also involves the consumers of every State in the Union. It involves millions of dollars from consumers.

I call attention to the fact that you represent consumer districts. The benefit payments in this bill are raised 33 1/3 percent. You check the bill and you will find that the benefit payments are raised and at the same time the quota is extended 3 years, not from year to year as under the continuing resolution but for 3 years, fixing a quota system in this country when we are begging people to raise essential food products.

The Agriculture Department several years ago estimated that this sugar system was costing the consumers of the United States \$350,000,000 per year above the world market.

This bill increases benefit payments from 60 to 80 cents. On that basis, the cost to the consumers is still further increased.

Sugarcane is situated differently from beets. Beet areas can plant from year to

year. The cane areas must plant and then depend on several years' harvest from the one planting. It does not settle the problem when we say, "All right, on account of emergency, we will suspend quotas right now." Sugar is a very essential food element. Just as I predicted several years ago, today ships are not available to haul the sugar from the Philippines. It is necessary that we produce more in this country, and the quota system is not conducive to encouragement in sugar-producing areas. Any system which limits the production of necessary food products in the United States, when we do not produce sufficient for our own needs, is economically unsound.

I urge the defeat of the motion.

Mr. FULMER. Mr. Speaker, I yield 2½ minutes to the gentleman from Florida [Mr. CANNON].

Mr. RIZLEY. Mr. Speaker, I yield 1 minute to the gentleman from Florida.

Mr. CANNON of Florida. Mr. Speaker, it is fortunate for us, I believe, that we have just experienced a vote on another bill under this particular procedure. Contrary to the bill that was just considered, the bill of the gentleman from Texas [Mr. LANHAM] this bill has not had one moment's hearing before the Committee on Agriculture, of which I am a member. This bill has not been referred to the subcommittee on sugar, of which I am a member. This bill has received no consideration by any Member of the House, regardless of from what committee he may come. If, therefore, we can bring ourselves now to vote for this bill, which has received no consideration whatever, then I do not understand the temper of this House and never have understood it.

I believe that any bill, however insignificant, should receive the consideration of at least two or three Members of this House, but such is not the case here.

The proponents of the bill would have you believe, indeed, that this bill is innocuous. Let me talk to you in this regard. In the first place, under the operation of the bill the consumption estimate has been increased, which is tantamount to saying that all quotas have been dispensed with. They would have you believe that this bill must be passed now or the whole endeavor will destroy itself by nonaction. Let me say that since the quotas have been virtually suspended, it does not make one iota of difference if this bill is never passed. Under the present law benefit payments can be made until June 30 next. Is it not odd, is it not peculiar, that the benefit payments under the operation of this bill—this innocuous bill, this bill on which surely everybody is in agreement—are raised from 60 cents a hundred to 80 cents a hundred? This is a raise in benefit payments alone of 33⅓ percent.

Where are you gentlemen and where are you ladies who have been trying for all these months to save money and help the farmer? Really, where are you now? The gentleman from Michigan [Mr. MICHENER] made a beautiful presentment the other day against a much less vicious

and nefarious bill than this. I wonder where the gentleman from Michigan is now on this bill?

I repeat, the legislative necessity for this bill does not exist. If there are no more quotas, if there is a rise in the consumption estimate in the sugar operation itself, and by reason of that the quotas are suspended, if—and it is true—we can sell our 1941 crop now, and if, indeed, we can sell our 1942 crop, and we can, then all that could possibly expire of the 1937 Sugar Act on the 31st of this month would be the quota system, which does not exist, anyway. Therefore, why the necessity for this bill?

If the Committee on Rules has given us 3 hours of debate on this matter and has granted us that rule, why do we not use it? Is it that some of the gentlemen in this House fear the debate? Is it that you do not want to hear the truth about this bill? Is it that you want everybody to believe that all sugar interests are satisfied, even though you know in your own minds that we are not? Is that your game? If it is, then pass this bill, and if it is not your game, let us debate it and see what is in the bill itself.

[Here the gavel fell.]

Mr. RIZLEY. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. GREEN].

Mr. GREEN. Mr. Speaker and my colleagues, I strongly urge you to vote down a motion to waive the rules and pass H. R. 5988, which would continue the quota control of the sugar industry in our country. This House Committee on Agriculture, which reported the bill, has already applied to the Rules Committee for a special rule for consideration of this bill. It is expected that a special rule will be granted by the Rules Committee and that this rule will give reasonable time for debate and consideration of the bill.

It is impossible to give the membership of the House full information on this important bill in the 40 minutes which is all that is possible under our procedure here today. This bill should never have been taken up under suspension. It is of tremendous importance and is fully entitled to several hours of debate and deliberation by this body. A large number of us oppose the bill and desire to have an opportunity to debate the bill at length and to give you our reasons for opposing same. If you will join with us and vote down the motion to suspend the rules, then the bill will remain on the calendar and will come up in an orderly way before the House after the rule is granted. We who oppose this bill are at least entitled to our day in court to present the fundamental reasons why this bill will do absolutely more harm than good to our country.

We have had sugar-control legislation since 1934. The present control act, which this bill before us would extend, was passed in 1937. My State has suffered grave injustice and injury through each of these control bills. I, indeed, have no fight to pick with the beet-control representatives of our State and

desire to do no injury to the sugar-beet growers of our country. It is not at all necessary or wise to put the beet and sugarcane growth in our country on a parity. Sugar-beet growers have been hard pressed in their efforts to make the price of production with any profits from the growth of sugar beets. They are entitled to relief and there is some probability that a control program would help in their case. I am perfectly willing for them to have relief, but I know this relief can be accorded them without penalizing the infant sugarcane industry in the State of Florida. The Committee on Agriculture should draw a comprehensive bill which will provide subsidy benefits to the beet growers, if such is the will of the Congress—and it appears it is—and at the same time in the same bill provide for expansion of the sugarcane industry in the State of Florida and in any other State in the Union which desires to expand this production.

Under the provisions of this iniquitous bill and also the act which it would continue, the State of Florida and other sugarcane-producing areas in the United States are penalized and forbidden to grow sugarcane upon the limited quota given them, and at the same time the United States is importing about 50 percent of America's consumption of sugar from foreign countries. Hawaii, Puerto Rico, the Virgin Islands, and continental United States produce only about one-half of the sugar consumed in the United States. I appeal to you as representatives of free American people not to penalize our Florida sugarcane growers in favor of foreign-grown sugar.

And may I at this time sound a warning to the absentee sugar financiers in the United States. I have reference to those who live in the United States and have their sugar-producing investments in foreign countries. I predict that the American people will eventually awaken to the fact that your investments in foreign countries are giving employment to labor in foreign countries and bringing this foreign sugar to America when at the same time, a greater portion of American sugar need can be produced at home. You may not long expect the Government of the United States to lend itself to you to carry on any such unfair deal to American sugarcane producers and to American labor. Far better would your investments be ultimately if they were in the Florida Everglades where sugar production is now in its infancy.

The Florida Everglades area offers probably the best opportunity in the world for sugarcane growth. I am convinced that this soil is the richest in the world, exceeding in fertility and productiveness the ancient Valley of the Nile, the Euphrates delta, the lowlands of the Philippine Islands, and the volcanic terrain soil formation in Hawaii. Florida is capable of producing a large percentage of American demand for sugar but owing to the short-sighted policy of the Government in controlling production of sugar in Florida, we are by the Federal law not permitted to grow enough sugar

there to supply the demand for this product even within the State of Florida.

Gentlemen, this is wrong. It is a false philosophy of numbers and force winning over justice and economy. I cannot subscribe to an economic policy so false and a legislative theory so unnecessary as to restrict, throttle, and prevent, by law, the production of a food product which is so sorely needed in the United States, and a product which the United States is now importing from foreign countries. The Secretary of Agriculture has recently admonished food producers in the United States to exercise every effort to produce and preserve everything of food value. In Florida we yearn to respond to this admonition by producing greater amounts of the sugar requirements of our Nation. We are not asking that Florida be paid a bounty and subsidy for sugar production; we are not asking for a price any greater than any other sugar producers. We are simply asking to be permitted to produce sugar.

Many of you can recall the scarcity of this food commodity during the last World War and it will not require much stretch of your imagination to envision a repetition of this, probably during the next year or 'wo. All of this tends to convince me that the bill before the House should not be enacted, but that the Committee on Agriculture should give further study to the bill and make provision therein whereby unlimited sugarcane production can be had in continental United States. Under the rules covering our discussion of the bill this afternoon, it is not possible to offer any amendment to the bill. All amendments are shut off. Debate will be shut off at the end of 40 minutes and the bill will be voted up or down without the possibility of presenting to you a true picture of our Florida situation; therefore, I urge you to vote against the motion to suspend the rules.

Some of my colleagues possibly have in mind the bearing of this legislation on reciprocal trade agreements with foreign countries. I think it would be safe to assure you that we have no reciprocal trade obligation which is of greater importance or of equal merit to permitting our own American people to produce needed things of value, with American labor, within the United States. We owe far more to the producers and employees of the sugarcane industry in Florida and other States of the Union than we do to the inhabitants of foreign countries, particularly those in the Indian Ocean. It is said, and I think quite truthfully, that the highest wages and salaries paid in the sugarcane industry in the world are paid in Florida. These employees spend the money in America and add their full strength to the economic chain and security of our Nation. In many of the foreign countries tragically low wages are paid. In fact, cane labor in some nations is practically peon labor. Frankly, do we owe more obligation to our American sugar, produced with good wages and high standard of living, or to foreign sugar produced with starvation wages? I say our first duty is to America and

American laborers and our American economic system and standard of living.

There is quite a difference in financial investment in foreign countries and the merit of the lives and occupation of American citizens within the United States. Far more important to our national defense is the American citizen earning his living within the United States than an American dollar invested for profit in some foreign nation which may not even be friendly to our Government and our people. I believe it is time for the Congress to look toward the security of America and American industry within America, rather than to uphold the policy of protecting American dollars invested in foreign countries.

If our Nation produced a surplus of sugar, then it would be time to give consideration to restriction of sugarcane production in Florida. There would possibly then be merit to the contention that we had to find a foreign market. The opposite is true, my colleagues, and it is the height of false economy to, particularly during a war period, restrict the production of an essential food commodity within the United States, especially when foreign importation has to run the ocean lanes of torpedo destruction.

If you will vote against suspension of the rules and let the legislation come up in an orderly way, we may have an opportunity to amend the bill in a manner to permit the sugar-beet industry to have its rights and at the same time permit the sugarcane industry expansion to unlimited production in the United States. [Here the gavel fell.]

Mr. FULMER. Mr. Speaker, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. SACKS].

Mr. SACKS. Mr. Speaker, the bill H. R. 5988, now before this House, extends the Sugar Act for 3 years. From the point of view of the people of Philadelphia, this bill should be enacted, because it at least maintains the present volume of work which is made available under the quotas to the thousands of organized workmen now employed in the Philadelphia refineries. I also note that the bill does not change the present position of sugar consumers.

Each time that Congress has considered sugar legislation, spokesmen from the Hawaiian and Puerto Rican sugar industries have appeared before the committees of Congress to testify that certain features of the quotas are what they call discriminatory against the islands. Specifically, it has been claimed that the quota limitations upon the shipment of refined sugar from Hawaii and Puerto Rico to the United States are unfair. Congress has never found this to be the case. It approved these refining quotas in 1937 by a vote of 198 to 23, and in 1940 by a vote of 134 to 20.

It is extremely difficult to understand how Hawaii and Puerto Rico have been discriminated against under quota legislation. Hawaii has been getting a total production quota large enough to permit her to operate at about 100 percent of capacity. She has not had to restrict her production to any appreciable extent.

The corporations in Hawaii which control the sugar industry have received \$44,000,000 in cash subsidies from the Federal Treasury since 1934, including payments on the coming crop. On the same basis, the sugar producers of Puerto Rico have received \$53,000,000. On top of these subsidies, the planters in the two American islands have received handsome incomes from the protected prices, which they have received in the American market. American consumers have paid the bill.

I do not want to take your time to repeat the arguments, pro and con, which have been made regarding the fairness of the quotas on Hawaii and Puerto Rico refining. The decisive vote of the House on this subject in the past has settled that issue. As a friend of organized labor in Philadelphia, however, I wish to emphasize one point, and that is that the agencies of the United States Government have officially reported that there is no collective bargaining in the sugar industry in Hawaii. Collective bargaining has been fiercely opposed by the sugar corporations. I now quote from a Department of Labor publication entitled "Labor Conditions in Hawaii," by James H. Shoemaker, of the Bureau of Labor Statistics, page 198:

The history of management in Hawaii is one of antagonism to labor organization.

Secondly, I should like to point out that the Wagner Act, the basic law of American labor, does not apply to Puerto Rico. If Congress should continue to pay enormous subsidies to the sugar industries in Hawaii and Puerto Rico, without maintaining the quota limitation upon their refining, it will have discriminated against organized labor in this country.

Although this bill does not go as far as I desire, yet it is at least sufficient to protect the consumers and American industry. This bill should be passed.

EXCERPTS FROM BOOK ENTITLED "LABOR CONDITIONS IN HAWAII," BY JAMES H. SHOEMAKER, BUREAU OF LABOR STATISTICS, UNITED STATES DEPARTMENT OF LABOR

Thus the Territory of Hawaii possesses a strongly centralized industrial structure, highly integrated in its broader aspects as well as its minor details, not only in the economic but even in the social and political aspects of island life (p. 196).

Although many of the large enterprises maintain effective employee-welfare policies, their attitude may best be described as benevolently paternalistic rather than liberal. The history of management in Hawaii is one of antagonism to labor organization (p. 198).

The high degree of intercorporate control makes it possible to mobilize the resources of all large enterprises to restrict the growth of labor unions and to combat strikes in whatever fields of industry they may occur * * * although management has done much for labor in Hawaii, it has also used every influence at its command to restrict labor organization (p. 198).

The workers of Hawaii are economically isolated. They find it equally difficult to return to the countries of their origin or to migrate to the American mainland, and are thus completely dependent upon a relatively restricted group of local island enterprises throughout the whole of their lives. In this respect they are in a very different position

from that of the typical mainland wage earner. There is, therefore, a very strong incentive not to do anything which would jeopardize their future employment possibilities (p. 193).

The position of the individual plantation worker is especially vulnerable. The house in which he lives, the store from which he buys, the fields in which he finds his recreation, the hospital in which he is treated, are all owned by plantation management, which, in turn, has its policies controlled from the offices of the factors in Honolulu (p. 193).

Whether it is justified or not, there is a prevalent feeling among the majority of Hawaiian workers that a bad record with any important concern in the Territory makes it difficult to obtain employment in any other concern, and that to be associated with labor-union activities is certain to weaken their employment opportunities, if not destroy their economic future (p. 193).

In comparison with the highly integrated character of industrial management, the organization of labor in the Territory is meager (p. 199).

To understand the development of labor organization in Hawaii, it is necessary to remember that in less than 70 years the population has increased from 56,000 (in 1872) to well over 400,000. Practically all of this increase is non-Hawaiian and represents the organized importation of labor for plantation purposes (p. 199).

The original idea of plantation management was to bring out workers under contract and ship them back after the contract was finished; that is, they were interested in obtaining young unmarried males at the best of their productive period and avoiding the problem of maintenance of families or of pension for superannuated workers (p. 199).

The laborers brought into the islands were, for the most part, docile and ignorant. They had come from countries in which conditions of labor were extremely harsh, hours were long, and pay was low. They were thrown into strange surroundings far distant from their accustomed homes. Moreover, they found themselves in immediate competition with other races with which they had previously had no contact. Thus, they were easily exploited. The record of the early days of plantation life under the contract system is a severe indictment of the methods and attitudes of plantation owners of those days. This system was not abolished until annexation in 1898. Partly by virtue of a gradually growing sympathy and unity on the part of the various elements among the plantation laborers, partly because of the gradual increase in the number of second- and third-generation citizen laborers on the plantations, and partly because of a marked change toward a social-minded attitude on the part of plantation management, conditions have greatly improved in respect to wages, hours, working conditions, and the whole of the life of plantation communities since those early days (p. 199).

Nevertheless, the plantation system continues to be paternalistic. Employee organizations do exist on the plantations, but they take the form of recreational and social clubs, or of religious groups, usually along racial lines. Labor organizations, as such, have gained little footing. Since all of the property—the land, the housing, the community center itself, even many of the governmental functions of the plantation towns—are controlled by plantation management, anyone in the plantation community who is disapproved by management is legally a trespasser, and, as such, can be put off the plantation (p. 200).

The total membership of all unions in the Territory has been increasing. Accurate figures are not available. Estimates of total

membership by union officials range from 3,500 to 6,000. Even if the larger figure is accepted as accurate, it would indicate that less than one twenty-fifth of the gainfully employed are unionized (p. 202).

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. FULMER. Yes; I yield.

Mr. FITZPATRICK. I would like to ask the chairman of the Committee on Agriculture how this bill compares with the O'Mahoney bill, S. 937, which was introduced in the Senate.

Mr. FULMER. This is an identical bill.

Mr. FITZPATRICK. How about House bill 3582? As I understand, there is a great deal of opposition to both of those bills.

Mr. FULMER. There is nothing being done about the bill H. R. 3582. There is quite a lot of opposition to it.

Mr. FITZPATRICK. There is a slight decrease in the quota from outside the United States.

Mr. FULMER. Very slight, and all of that goes to the South American countries and comes to the refineries in this country.

Mr. RIZLEY. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota [Mr. O'HARA].

Mr. O'HARA. Mr. Speaker, I rise in support of this bill. I do not believe the bill goes as far as it should in behalf of the sugar-beet people, whose throats have been getting cut on allotments for many, many years. This bill is giving these people some recognition and legislative relief, to which they are entitled.

It is imperative that this bill be acted upon without delay. It is timely that we consider our domestic producers of sugar and their needs; and this legislation is not harsh or particularly unfair to foreign producers. In recognition of long-needed legislation—a step at least in the right direction—I urge you to support this much-needed legislation.

Mr. RIZLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. KLEBERG].

Mr. FULMER. Mr. Speaker, I yield 2½ minutes to the gentleman from Texas [Mr. KLEBERG].

Mr. KLEBERG. Mr. Speaker, I very much regret to find myself at variance with my distinguished chairman and my colleagues on the House Committee on Agriculture. I think it proper, however, in the very brief time we have to consider this bill, to call your attention and the attention of the membership of the House to certain facts.

From the Department of Agriculture this morning, in a hurried call down there, I found there were 54,541 beet producers in 21 States which produce beet sugar and cane sugar. In the cane-sugar-producing State of Louisiana there are 9,227, and in the refining industries there are 14,133 individuals engaged, there are a grand total of some 78,000 citizens in the United States with a total citizenship of approximately 130,000,000. In South and Central America and in the Philippines and in Hawaii there are another 130,000,000, or a total of 260,000,000

people. There will be \$16,000,000 added to the pay roll of the 78,000 people, at which price, in all probability, we will antagonize and lose the friendship of a great number of the 130,000,000 people who are outside the United States and thereby injure all but a small remnant of the 130,000,000 people who eat and buy but do not raise sugar.

There is a rule pending for this bill and the rule permits 3 hours of debate. This bill affects friendships of this country in peace in its most vital aspects with respect to the Western Hemisphere.

I hold three letters signed by the Secretary of State, Mr. Cordell Hull, and by the Secretary of Agriculture, Mr. Claude Wickard. You have just heard the Puerto Rican Commissioner read, this morning, a letter from the President of the United States.

I attempted to present my case before the Rules Committee and there are doubtless members of that committee here present who were present at the time when I attempted to present many succinct reasons why this bill should not be considered in this period of emergency.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. KLEBERG. I yield to the gentleman from Georgia.

Mr. COX. I recall that the gentleman was before the Rules Committee wanting to be heard and the gentleman will recall that there were others there favorable to the rule.

Mr. KLEBERG. I do.

Mr. COX. And we heard them in detail.

Mr. KLEBERG. That is true.

Mr. COX. And we adjourned at 12 o'clock with an implied understanding that we would hear the gentleman.

Mr. KLEBERG. That is correct.

Mr. COX. But later the committee did report the bill, but upon the assumption that it would come up under the rule and that the gentleman and others thinking as he does would have full opportunity to present their views to the membership of the House.

Mr. KLEBERG. I thank the gentleman; and, in conclusion, may I call your attention to this peculiar fact? There is no opportunity here for me as a member of the Committee on Agriculture and chairman of the subcommittee that is called upon to consider sugar legislation or as an individual who has had to do with every sugar bill since 1934, including the act of 1937, to present my views.

Mr. Speaker, with the statement that there is no reason for this bill, as evidenced by the suspension of the quotas, and with the definite assertion that a continuing resolution is the only kind of legislation which should be entertained in this tragic hour, I yield back the balance of my time, in the firm hope that the Congress of the United States will not forget 130,000,000 citizens of the United States and their Latin-American friends in South and Central America, who are our friends at this moment.

The chief ways in which H. R. 5988 would, if enacted, adversely affect the interests of certain of the other American

republics and of American exporters dependent on them for markets may be summarized as follows:

First. The bill would seriously affect Cuba. It would decrease the percentage share of Cuba in the basic sugar quotas; it would reduce from 375,000 short tons to 300,000 short tons, raw value, the quantity of direct consumption sugar permitted entry into the United States from Cuba, and would subject to quota restrictions and to taxation imports of edible molasses from Cuba now imported without regard to the quotas. Although the bill provides an opportunity for Cuba to share in the Philippine deficit—an opportunity that would be realized only in the very unusual circumstances when the deficit exceeds 159,920 short tons—this provision would not offset the above-mentioned disadvantages to Cuba.

Second. It would be less favorable than the Sugar Act of 1937 to foreign countries other than Cuba in respect of allocation of the Philippine deficit and would therefore have an adverse effect on such countries, particularly Peru, the Dominican Republic, and Haiti.

Third. It would, by redefining liquid sugar, place an absolute embargo on trade in certain edible molasses from the Barbados, contrary to the spirit, if not the letter, of our trade agreement with the United Kingdom.

The above-mentioned important changes in sugar legislation which enactment of the bill would place in force are essentially similar to proposed changes which have been opposed repeatedly in the past by the various interested departments of the Government and by the President.

A further comment of a general nature is the fact that at the present time, when every effort of the Department of State is being bent to secure the closest possible cooperation between the nations of this hemisphere, a bill such as the one under consideration cannot fail to promote disharmony.

And last, but not least, it furnishes ammunition to spreaders of Nazi propaganda in Latin America, whereby they will claim a lack of interest by the United States toward its Latin American neighbors.

Here are the letters referred to earlier:

DEPARTMENT OF AGRICULTURE,
Washington, December 1, 1941.

HON. RICHARD M. KLEBERG,
House of Representatives.

DEAR MR. KLEBERG: Reference is made to our telephone conversation of this morning with respect to H. R. 5988.

We have been advised that the House Committee on Agriculture has reported favorably on the bill which would extend for a 3-year period certain of the provisions of the Sugar Act of 1937, and in addition, contains certain important amendments affecting Cuban-American relations and the interests of Puerto Rico, Hawaii, and the Virgin Islands. Prior to its action, the House committee neither held public hearings on the proposed legislation nor requested the Department of Agriculture for a report thereon through the Bureau of the Budget in the usual course.

Sincerely yours,

CLAUDE R. WICKARD,
Secretary.

DEPARTMENT OF STATE,

Washington, November 28, 1941.

The Honorable RICHARD M. KLEBERG,
House of Representatives.

MY DEAR MR. KLEBERG: In response to your request I am herewith quoting to you extracts from a letter of November 27, 1941, I have addressed to the chairman of the Rules Committee of the House:

"My attention has been called to H. R. 5988, introduced on November 7, 1941, by the Honorable HAMPTON P. FULMER and referred to the Committee on Agriculture. This bill was reported favorably by that committee on November 19, 1941, and has been placed on the Union Calendar.

"No public hearings were held on the bill and, so far as I know, none of the various departments concerned was asked to comment on it in accordance with customary procedure. I am therefore taking the liberty of expressing to you the Department's views on the bill from the point of view of our foreign relations so that you may be advised thereof in the event the Rules Committee is asked for a rule.

"Certain important changes in sugar legislation which enactment of the bill would place in force are essentially similar to proposed changes which have been opposed in the past by the various interested departments and by the President. For example, the bill would decrease the percentage share of Cuba in the basic sugar quotas, and only in very unusual circumstances would this loss be offset, even in part, by a share in the Philippine deficit; it would reduce substantially the quantity of direct consumption sugar permitted to enter the United States from Cuba; and it would be less favorable than the Sugar Act of 1937 to foreign countries other than Cuba in respect of their share in the basic sugar quotas and much less favorable in respect of allocation of the Philippine deficit. Furthermore, by redefining liquid sugar, the bill would further restrict Cuba's participation in the United States market for certain sirups and would place a virtual embargo on such sirups from the British West Indies.

"To these specific objections may be added two general comments. First, sugar legislation now in effect in the United States was enacted only after the most careful consideration had been given to the question of equitable distribution of the burden demanded of all parties concerned in the interest of stabilizing the sugar industry. This Department is strongly of the opinion that any proposed legislation which would worsen the position of sugar producers in the offshore areas should be subject to the same careful scrutiny to which legislation now in effect was subjected prior to its enactment. Second, legislation such as that proposed would be particularly inappropriate at the present time when the need for the closest possible cooperation between the nations of this hemisphere is of such crucial importance.

"For the foregoing reasons, it is hoped that H. R. 5988 will not come before the House until the various departments interested in the question of sugar legislation have had an opportunity to have their views considered.

"In view of the possible urgency of the matter, this letter has not been submitted to the Bureau of the Budget."

Sincerely yours,

CORDELL HULL.

MR. KLEBERG. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and in the revision thereof include letters that I referred to from the Secretary of State and the Secretary of Agriculture.

The SPEAKER pro tempore. Is there objection?

There was no objection.

MR. FULMER. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. BUCK].

MR. BUCK. Mr. Speaker, I am in favor of this bill. As far as I know, all of my constituents, and they are engaged to a great extent in growing beet sugar, and there are five large refineries in my district, also favor this bill. I cannot conceive of any opposition to it that should be based on statements such as those made by my distinguished friend and colleague the gentleman from Texas [Mr. KLEBERG] who just preceded me. I ask at the conclusion of my remarks the right to insert a short analysis of the bill which I have prepared myself.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

MR. BUCK. Mr. Speaker, I do not think that the cane-sugar producer is injured in any way, shape, or manner by this bill, and I do not believe that the cane-sugar producer in Hawaii or in the Virgin Islands or anywhere else can be injured. The quota of the Virgin Islands will be increased in this bill by 129 tons. The net production of all will be increased 260 tons, or about .015 percent of the basic quota of 1,744,000 tons, which are allowed.

STATEMENT OF MR. BUCK IN EXPLANATION OF
THE SUGAR BILL INTRODUCED BY CONGRESSMAN
FULMER (H. R. 5988)

The measure which was introduced today is designed to extend the life of the Sugar Act for 3 years and to make some, but not all, of the adjustments which the sugar industry, as a whole, have desired for many years.

The bill is a recognition, in the first place, of the fact that under present abnormal conditions it is highly desirable to produce in continental United States as much as possible of the sugar consumed by the people of continental United States. Shipping shortages make this essential. This bill is also intended, without increasing the conditional payments made to the larger growers of sugar beets and sugarcane, to recognize the increased costs of labor and materials involved in the production by small farmers and planters. Finally, it is recognized that with the termination of the emergency the quota system is necessary to prevent disastrous reaction upon the American sugar industry. The terms of the law and the amendments are such that the retail price of sugar cannot get out of hand regardless of any other legislation affecting prices.

Section 1 of the bill increases the basic quota for the mainland cane-sugar area by 4 percent, or 16,880 tons, and for the domestic beet-sugar area 4 percent, or 62,088 tons. The minimum quota for all domestic sugar-producing areas is thus raised from 3,715,000 to 3,793,802 tons. The quantity of sugar now allotted to Hawaii, Puerto Rico, or the Virgin Islands is not materially changed.

Slight reductions are made in the quotas of Cuba, the Philippines, and foreign countries other than Cuba. These are, however, only slight changes.

Section 2 of the bill deals with the reallocation of any deficit in the Philippine quota and an attempt has been made to reallocate this deficit in a way that will be fair to all areas.

Section 3 reduces the amount of white sugar that may be imported from Cuba from 375,000 tons, as provided in the present law, to 300,000 tons. This provision does not reduce Cuba's total quota, but merely means that 75,000 tons, which now may be imported from Cuba in white form, would be shipped as raw sugar.

Section 4 deals with the conditional payments which, under the present law provide 60 cents per hundredweight to growers producing up to 500 tons. The new basic rate is fixed at 80 cents, but the scale-down begins at 350 tons instead of at 500 tons, as under the present law and the rate of payment to the larger producers remains as it now is.

Section 5 deals with imported sugar sirups. It amends the present definition which has been found to be deficient in that it permits the importation in the form of liquids, sugar which escapes both the quota and tax provisions of the present law.

Section 6 extends the act to December 31, 1944.

Section 7 continues the present processing tax from the proceeds of which paid by processors and growers, the entire cost of the Sugar Act has been paid.

COMPARISON RECENT PRODUCTION OF HAWAII, DOMESTIC BEET-SUGAR AREA AND DOMESTIC CANE-SUGAR AREA WITH QUOTA UNDER FULMER-O'MAHONEY SUGAR ACT

All references herein to sugar production are from the June 1941 issue of World Sugar Situation, published by the Bureau of Agricultural Economics of the United States Department of Agriculture.

All figures are in short tons, raw value.

Hawaii

The production of Hawaii for 1938 was 994,000 tons; 1939, 977,000 tons; 1940, 1,000,000 tons; or an average for the 3 years of 990,000 tons. On a consumption estimate of 7,000,000 tons, Hawaii would receive, under the Fulmer-O'Mahoney Sugar Act, a quota of 982,348 tons. This quota is within 8,000 tons of Hawaii's average production for the last 3 years and is actually greater than its average production over the last 3 years after deduction from production of the sugar locally consumed in Hawaii.

Domestic beet-sugar area

The production of the domestic beet-sugar area for the last 3 years was as follows: 1938, 1,803,000 tons; 1939, 1,758,000 tons; 1940, 1,884,000 tons. Average production for 3 years, 1,815,000 tons. Under the Fulmer-O'Mahoney Sugar Act, on a consumption estimate of 7,000,000 tons, the domestic beet-sugar area would receive a quota of 1,632,510 tons. This quota is 126,490 tons less than the average production of the domestic beet-sugar area for the last 3 years.

Domestic cane-sugar area

It is to be remembered that the 1940 crop in the domestic cane-sugar area was drastically reduced by a severe early frost which materially reduced sugar production of that area for that year. The domestic cane-sugar area in 1938 produced 583,000 tons; 1939, 504,000 tons; 1940, 336,000 tons; an average for the 3 years of 474,000 tons. The quota for the domestic cane-sugar area under the Fulmer-O'Mahoney sugar bill on a consumption estimate of 7,000,000 tons, would be 457,793 tons. This quota is 16,207 tons less than the average production of the domestic cane-sugar area for the last 3 years in spite of the reduction in the 1940 production because of the freeze mentioned.

These comparisons show:

1. The need for additional quota for the domestic beet-sugar area and the domestic cane-sugar area.

2. That Hawaii's quota under the Fulmer-O'Mahoney Sugar Act is entirely adequate.

The SPEAKER pro tempore. The time of the gentleman from California has expired.

Mr. RIZLEY. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey [Mr. OSMERS].

Mr. OSMERS. Mr. Speaker, for the past 7 years, the entire sugar industry, as it related to the American market, has been carefully regulated by a quota system. Under any quota system that fairly distributes a market for a commodity as widely used as sugar, there will never be complete satisfaction on the part of any individual or group.

H. R. 5988, while not a perfect bill and not completely satisfactory to the workers in the cane-sugar refinery in my district, is a reasonable effort to regulate the sugar market for the next 3 years.

In my judgment, it is absolutely essential that the future of so basic an industry as sugar be assured, during the difficult days ahead, of a stable act under which to operate. The charges of discrimination again made by Hawaiian interests are not valid. The Congress clearly established this in the McCormack amendment adopted last year to the Sugar Act of 1940. The Hawaiian sugar interests, both with respect to refining and growing, have always been considered a separate entity by any group dealing with sugar. Conditions in Hawaii governing the production and refining of sugar are entirely different than conditions in the continental United States. It is possible to import Philippine labor into the Hawaiian Islands, under certain conditions, and it is impossible to bring them into the United States. This is but one example of the many that could be mentioned which show that the Hawaiian Islands receive special, separate, and specific consideration from Congress.

The conditions of labor in the Hawaiian Islands are entirely different than those obtaining in the continental United States. So far as can be determined, and there has never been a demand from Hawaii, asking that their workers be paid the same and be granted the same privileges that our domestic sugar workers have.

Taking all circumstances into consideration, this bill is a fair approach to the sugar problem for the next 3 years.

The SPEAKER pro tempore. The time of the gentleman from New Jersey has expired.

Mr. RIZLEY. Mr. Speaker, I yield 1 minute to the gentleman from Idaho [Mr. DWORSHAK].

Mr. DWORSHAK. Mr. Speaker, this bill proposes no material change in the Sugar Act of 1937, which is fostering the domestic sugar industry, and which benefits the consumers of our country. This year it is unfortunate that there was a reduction of about 165,000 acres in the sugar-beet allotments in our country, and today in this emergency we find that the consumers of the United States are facing a real shortage in this commodity.

The sugar-beet industry and the cane-sugar industry in this country produce today only about 30 percent of our domestic sugar requirements. It seems to me that, in considering the interest of off-shore producers, we should not overlook the fact that the sugar-beet industry is of vital importance to the agricultural sections of the West.

The Fulmer bill now under consideration represents a compromise which does not fulfill maximum desires of any sugar-producing area. However, it does make a serious attempt to overcome some of the injustices which have arisen under the act, and to make certain adjustments which are essential because of rapidly changing conditions here and abroad. More than 50,000 sugar-beet growers are interested in the passage of this measure, which will give added stability to the industry, and increase their basic quota about 62,000 tons.

Mr. FULMER. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. BRADLEY].

Mr. BRADLEY of Pennsylvania. Mr. Speaker, in connection with any legislation regarding sugar, I am interested in the matter from the standpoint of the consumer and from the standpoint of the industry in my district, because of employment in the refineries. While this bill is not everything we desire, I wish to advise the House both the management and the workers in the refineries in my district, and in the eastern part of the country generally, I am told, are in favor of the passage of this legislation.

Mr. RIZLEY. Mr. Speaker, I yield 3 minutes to the Delegate from Hawaii [Mr. KING].

Mr. KING. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to incorporate some tables that I have prepared and copies of telegrams sent to me.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. KING. Mr. Speaker, it is obviously impossible in 3 minutes to present the issues that this bill involves.

The Committee on Agriculture presented this bill to the Rules Committee and asked for a rule. The Rules Committee granted the bill a liberal rule. It could be brought before the House under that rule, amendments could be proposed to the bill, and the whole matter debated in full for the information of the membership of this House and of the American public.

The assumption is made that this bill does not differ from the Sugar Act of 1937. That is quite erroneous. It is a drastic change from that bill in several particulars. I, as the representative of the Territory of Hawaii, having battled for the last 7 years for equal treatment of my people, must protest against this bill, which has juggled percentages so as to preserve to the mainland producers their quotas, in part at Hawaii's expense.

I want to repeat that the percentages have been so juggled that the proposed

increase of the domestic quota is reserved exclusively to the mainland producers. We have again inserted in legislation that distinction between continental and noncontinental Americans which I thought the Sugar Act of 1937 had stopped once and for all. It also distributes the deficit in the Philippine quota by granting preferential rights to that deficit to mainland producers. First, the mainland producers are to receive 50,000 tons, then other foreign countries 100,000 tons, and then finally Hawaii, Puerto Rico, and Cuba are to get what is left.

So, Mr. Speaker, this bill does make drastic changes from the Sugar Act of 1937.

I proposed in committee two amendments; and one amendment, which would have extended to Hawaii and Puerto Rico the privilege of sharing in any increase granted to domestic producers, was lost by a tie vote only. If we had this bill up under a rule I could propose that amendment in the House and present my arguments for the consideration of the House. But under a suspension of the rules no such procedure is possible.

This bill goes further in other features, with which I have no concern and regarding the unwisdom of which at this particular time the gentleman from Texas [Mr. KLEBERG] has called attention.

I cannot imagine a more iniquitous bill brought in here under an absolute gag rule that the House is asked to pass upon with only 40 minutes of debate, that does great injury to two powerless groups of this Nation, one the people of the Territory of Hawaii and the other the people of Puerto Rico. No argument can justify such a surrender of principle. The reason advanced is that because nothing is taken away from Hawaii and Puerto Rico, their people should acquiesce in this legislation, even if they are refused the right of their citizenship under the American flag, to share in any quota allotted to the domestic sugar industry.

I hope, therefore, Mr. Speaker, that the membership of the House will vote down this motion, and allow the sponsors and proponents of this bill to bring it before the House in an orderly way, defend it in debate, and in the discussion of amendments which those of us who oppose it want to offer. We in opposition represent 50 percent of the total domestic sugar industry.

Mr. Speaker, it is my sincere conviction that the pending bill is neither necessary nor good legislation. Insofar as Hawaii is concerned, it offends against the principles of equity and justice that should govern all legislation in at least two particulars. This bill gives mainland sugar producers certain advantages denied to those of Hawaii and Puerto Rico. It arbitrarily juggles the percentages of the total domestic quota apportioned to each domestic producing unit so as to exclude Hawaii and Puerto Rico from sharing in the increase provided for the domestic producers.

These percentages were incorporated in the Sugar Act of 1937 after exhaustive

hearings, and were proclaimed as establishing as equitable an apportionment of the domestic quota between all domestic producers as could be devised. Hawaii and Puerto Rico are now asked to acquiesce in the new apportionment on the ground that our quotas are not to be reduced.

The domestic quota is to be substantially increased, but all of the increase, in direct contravention of the principles laid down in the present Sugar Act, is reserved for a special group of sugar producers—those who have the good fortune to live on the mainland. Can anyone justify such a proposal? If it is thought necessary to increase the domestic quota, then the only square thing to do is to let all domestic producers share proportionately in such increase.

Another feature of this bill repeats the difference in treatment as between continental and noncontinental Americans. Any deficit in the Philippine quota is reserved first for mainland producers; then for "foreign countries other than Cuba"; and last, if there happens to be a large deficit, what remains is divided between Hawaii, Puerto Rico, and Cuba.

On the assumption that the Philippines will have a very large deficit, Hawaii and Puerto Rico are urged to go along with this legislation, accept being classed with Cuba, and sell our birthright for a will-o'-the-wisp, the uncertainties of the Philippine deficit.

It is because of these provisions that I say the bill before us is not good legislation. I had two amendments to offer if the parliamentary situation had permitted. The first would restore to the bill the percentages in existing law, in order that all domestic producers might share proportionately any increase in the domestic quota.

I offered this amendment in committee, and it was defeated only by a tie vote. My second amendment would strike out the special preferences granted in the distribution of the Philippine deficit, and in lieu thereof incorporate the provisions of the Coffee bill, H. R. 3582. This measure, favorably reported out of committee and pending on the Union Calendar, provides a fair distribution of the Philippine deficit, which the bill before us, for some occult reason, has completely scuttled. Time does not permit me to dwell on other important features of this bill, particularly those which have cemented anew the unholy alliance between the divergent interests of the seaboard refiners and the mainland producers, but the House and the public should have the opportunity to delve into those provisions.

The proponents of this proposed legislation have not been content to bring the bill up under the liberal rule granted only last Friday. Under that rule, ample time for debate would have been possible, amendments could have been offered, and the House and the American public informed as to the true character of the proposed changes in existing law. The bill is said to have the support of "the greater part of the sugar industry" when

in fact practically 50 percent of the domestic sugar industry is opposed to it.

Bringing it up under suspension is defended on the specious ground that the domestic sugar industry must have this legislation enacted before the end of the year because the present Sugar Act expires on December 31, 1941. No such urgency can excuse adopting these drastic changes in existing law when a simple continuing resolution, for which there are many precedents, would better suit the requirements of the domestic sugar industry and fit our present national policy.

Furthermore, the Department of Agriculture has estimated the consumptive requirements so high—9,000,000 tons—that every sugar-producing unit has been granted all the quota it can produce. There is no necessity to increase domestic quotas, already at capacity production, by hastily considered legislation on which no hearings have been held and no reports obtained from the executive departments concerned. The House should not be rushed into approving a measure when there is no warrant for such action.

Between now and adjournment, or early next year, the House can pass a continuing resolution, or consider in a manner more befitting the importance of the subject, a sugar bill reconciled to the elements of fair play and not one which violates the principle of equal treatment and benefits special groups of citizens at the expense of others. The membership of the House will recall that I have consistently fought for equal treatment for Hawaii during the 7 years I have been a Member of this House. No arguments of necessity can justify deviating from that basic principle of our American democracy.

I submit, therefore, that the pending measure is as unnecessary as it is iniquitous, and urge the House, as the only alternative left to it under the circumstances, to vote the bill down.

The following tables illustrate the purpose of the proposed legislation to secure to mainland producers by legislation, to the exclusion of Hawaii and Puerto Rico, the entire benefits of the proposed increase in the domestic quota. Table No. 1 compares the provisions of the Sugar Act of 1937 with those of H. R. 5988. Table No. 2 shows what the distribution of the increased quota would be if the percentages were unchanged. Table No. 3 analyzes the distribution of any deficits in the different areas. Table No. 4 tabulates the increased conditional compliance payments this legislation would inaugurate.

Table No. 5 shows clearly that Hawaii has contributed a greater share in making the quota system work than any other domestic sugar-producing unit. From the inauguration of this method of stabilizing the sugar industry, Hawaii's quota has been substantially reduced in order to extend larger quotas to other units. The pending bill would simply perpetuate and increase this inequity for the benefit primarily of mainland producers.

TABLE I.—Comparison of Sugar Act of 1937 with H. R. 5988 and S. 2401
QUOTAS

Area	Basic quotas						Increase	Decrease
	Sugar act of 1937			H. R. 5988 and S. 2401				
	Percent of total	Percent of group	Tons	Percent of total	Percent of group	Tons		
Domestic beet sugar.....		41.72	1,549,898		42.49	1,611,986	62,088	
Mainland cane.....		11.31	420,167		11.52	437,046	16,879	
Hawaii.....		25.25	938,037		24.72	937,827		210
Puerto Rico.....		21.48	797,982		21.03	797,837		145
Virgin Islands.....		.24	8,916		.24	9,106	190	
Total domestic.....	55.59	100.00	3,715,000	56.77	100.00	3,793,802	79,157	355
Commonwealth of the Philippine Islands.....		34.70	1,029,782		34.70	1,002,437		27,345
Cuba.....		64.41	1,911,476		64.41	1,860,720		50,756
Foreign countries other than Cuba.....		.89	26,412		.89	25,711		701
Total Philippine Islands and foreign countries.....	44.41		2,967,670	43.23	100.00	2,888,868		78,802
Grand total.....	100.00		6,682,670	100.00		6,682,670	79,157	79,157

¹ Minimum quota for domestic areas.

² In no event less than the duty-free quotas (approximately 982,663 tons).

PORTION OF TOTAL QUOTA WHICH MAY BE DIRECT CONSUMPTION SUGAR

	Tons raw value equivalent			Tons raw value equivalent	
	Sugar Act of 1937	H. R. 5988 and S. 2401		Sugar Act of 1937	H. R. 5988 and S. 2401
Beet.....	All	All	Virgin Islands.....	None	None
Mainland cane.....	All	All	Philippine Islands.....	80,214	80,214
Hawaii.....	29,616	29,616	Cuba.....	375,000	300,000
Puerto Rico.....	126,033	126,033	Other foreign.....	All	All

TABLE II.—Comparison of Sugar Act of 1937 with H. R. 5988, if amended to domestic percentages of quota in 1937 act

Area	Sugar Act of 1937		Basic quotas		
			H. R. 5988 and S. 2401 if amended to percentages division as in 1937 act	Increase	
	Percent of total	Tons	Percent of total		Tons
Feet sugar.....	41.72	1,549,898	41.72	1,582,774	32,876
Mainland cane.....	11.31	420,167	11.31	429,079	8,912
Hawaii.....	25.25	938,037	25.25	957,935	19,898
Puerto Rico.....	21.48	797,982	21.48	814,909	16,927
Virgin Islands.....	.24	8,916	.24	9,105	189
Total domestic.....	100.00	3,715,000	100.00	3,793,802	78,802

TABLE III.—Comparison of Sugar Act of 1937 with H. R. 5988 and S. 2401

Dec. 204 (a)

REDISTRIBUTION OF DEFICITS IN AREA QUOTAS

SUGAR ACT OF 1937

H. R. 5988 AND S. 2401

DEFICIENCY IN ANY DOMESTIC AREA OR CUBA

Prorated to other domestic areas and Cuba, and any portion such areas cannot supply is to be prorated to "Other foreign."

Prorated to other domestic areas and Cuba, and any portion such areas cannot supply is to be prorated to "Other foreign."

DEFICIENCY IN PHILIPPINE ISLANDS

Prorated to "Other foreign."

Prorated as follows:

- (1) To beet area and mainland cane area an amount equivalent to the deficiency in duty-free refined sugar as per Philippine Islands Independence Act (50,000 long tons refined);
 - (2) To "Other foreign" not in excess of 100,000 tons of the remainder of such deficit after effect of (1) hereof;
 - (3) To Hawaii, Puerto Rico, Virgin Islands, and Cuba, prorata, the remainder, if any, of such deficit in excess of 100,000 tons, after effect of (1) hereof;
- Provided, except for (1) hereof, no such proration of deficiency may be filled by direct consumption sugar.

DEFICIENCY IN "OTHER FOREIGN" FOR CALENDAR YEAR

To remaining "Other foreign."

Prorated as follows:

- (1) To "Other foreign" to extent of ability to fill;
- (2) Remainder, if any, after (1) hereof, prorata to domestic areas and Cuba.

TABLE IV.—Comparison of Sugar Act of 1937 with H. R. 5988 and S. 2401

CONDITIONAL COMPLIANCE PAYMENTS

Sugar Act of 1937				H. R. 5988 and S. 2401			
	Rate per hundred-weight in cents	Payment			Rate per hundred-weight in cents	Payment	
		This tonnage increment	Total to this tonnage			This tonnage increment	Total to this tonnage
0-500 tons.....	60	\$6,000	\$6,000	0-350 tons.....	80	\$5,600	\$5,600
500-1,500 tons.....	55	11,000	17,000	350-700 tons.....	75	5,250	10,850
1,500-6,000 tons.....	52.5	47,250	64,250	700-1,000 tons.....	70	4,200	15,050
6,000-12,000 tons.....	50	60,000	124,250	1,000-1,500 tons.....	60	6,000	21,050
12,000-30,000 tons.....	47.5	171,000	295,250	1,500-3,000 tons.....	55	16,500	37,550
Above 30,000 tons.....	30			3,000-6,000 tons.....	52.5	31,500	69,050
Example, 50,000 tons.....	30	120,000	415,250	6,000-12,000 tons.....	50	60,000	129,050
				12,000-30,000 tons.....	47.5	171,000	300,050
				Above 30,000 tons.....	30		
				Example, 50,000 tons.....	30	120,000	420,050

AMOUNTS OF PAYMENTS AT VARIOUS TONNAGES PRODUCED

	1937 act	H. R. 5988 and S. 2401		1937 act	H. R. 5988 and S. 2401		1937 act	H. R. 5988 and S. 2401
250 tons.....	\$4,200	\$5,600	1,500 tons.....	\$17,000	\$21,050	12,000 tons.....	\$124,250	\$129,050
700 tons.....	8,200	10,850	3,000 tons.....	32,750	37,550	30,000 tons.....	295,250	300,050
1,000 tons.....	11,500	15,050	6,000 tons.....	64,250	69,050	50,000 tons.....	415,250	420,050

TABLE V—Comparison of domestic sugar production in years 1931–33 with domestic quotas under sugar acts

Area	Average production, years 1931–33	Final quota, 1 year 1934, Jones-Costigan Act	Final quota compared with average production		Initial quota for year 1937, Jones-Costigan Act	Basic quota, Sugar Act of 1937	Basic quota, H. R. 5988 and S. 2401	Basic quota, H. R. 5988 and S. 2401, compared with average production years 1931–33	
			Increase	Decrease				Increase	Decrease
Beet.....	1,481,950	1,556,166	74,216		1,613,576	1,549,898	1,611,986	130,036	
Mainland cane.....	234,144	261,034	26,890		270,664	420,167	437,046	203,902	
Hawaii.....	1,016,318	948,264		68,054	976,085	938,037	937,827		38,258
Puerto Rico.....	878,308	807,312		71,000	831,508	797,982	797,837		33,671
Virgin Islands.....	5,300	5,304	4		5,462	8,916	9,106	3,806	
Total, domestic.....	3,646,620	3,578,080			3,697,895	3,715,000	3,793,802		

¹ After including local consumption, 28,500 tons, raw value.² After including local consumption 66,126 tons, raw value.³ After including local consumption, 37,065 tons, raw value.⁴ After including local consumption, 86,315 tons, raw value.

Compiled from official sources (all in short tons raw value).

Mr. RIZLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF of Michigan. Mr. Speaker, it is only natural that the Delegate from Hawaii [Mr. KING], who is my very good friend, should stand up for his people at all times. That is his duty, and he performs it exceedingly well. However, I regret that he has found it necessary to oppose the bill now before the House, which actually does the Hawaiian people no harm, but does offer advantages to the Hawaiian sugar industry. The same can be said of those others who represent the State of Florida and have spoken against the bill. Of course, it does not do as much for the Hawaiian industry as the gentleman from Hawaii would have it do, but that is exactly the situation the beet-sugar growers and refiners, and the mainland cane growers and refiners find themselves in. As a matter of fact, the bill is a compromise between the respective views of each segment of the American sugar activities. It is not the bill any one of them would have written had that segment been permitted to write a bill solely in its own interest. But, in view of the lateness of the session and the fact that the Sugar Act expires in just 1 month, it seems clear that all domestic activities should support the Fulmer bill. It provides modest benefits for all and regardless of what may have been said to the contrary in this debate, it does not do violence to the good-neighbor policy.

The opposition of the gentleman from Hawaii forces me to remind the House of the preferred position which Hawaii enjoys in the sugar program. In the first place, the statistics show that over 78 percent of the land under cultivation in Hawaii is devoted to the production of sugarcane. Pineapples are produced on 17 percent, and all other crops are produced on the remaining 5 percent.

With our Government devoted to soil conservation as an agricultural policy, and with crop rotation and diversification recognized as good farming practice, Hawaii could very well consider increasing the acreage of general food crops necessary to supply her own population and the large and increasing Army and Navy personnel stationed in the Hawaiian Islands. The requirements of fresh green vegetables alone would very probably take up much of the available acreage and at the same time release much

needed space in Pacific shipping which is now at a premium, every ton of which may in the immediate future be vitally necessary for the success of activities of much graver importance than the growing of agricultural products on a very limited acreage, such as is available in Hawaii.

Mr. Speaker, the Hawaiian sugar industry is made up of a group of large plantations with interlocking corporate ownership. Government reports show that 38 plantations operate 94 percent of the sugar lands and average 6.114 acres per plantation. This brings me to a comparison with the 75,000 sugar-beet growers in the United States who last year received an acreage allotment of 830,000 acres, or an average of about 11 acres each. Only 6 percent of the sugar lands in Hawaii are operated by comparable small producers. The fundamental purpose of the Sugar act is supposedly to benefit the family-sized farm; and it must be conceded that the large planters of Hawaii are most fortunate indeed to enjoy the protection and stabilization inherent in a sugar-quota system, created for the benefit of the so-called small growers of sugar.

In these days of national stress, we cannot overlook the fact that labor reports show that one-third of the employees on the sugar plantations of Hawaii are aliens, and one-third of these aliens are Japanese. Of the 101,000 employees on plantations, only 6 percent are Anglo-Saxon or native Hawaiian, while one-half of the citizen employees are Japanese. This reminds me of the very pertinent fact that in matters of immigration legislation, there have been special provisions made to facilitate the immigration of foreign laborers into the Hawaiian Islands, and these special provisions did not apply to the States of the Union; therefore, the plea that Hawaii is entitled to 100 percent the same treatment as the 48 States is not a consistent argument when we consider that the Hawaiian planters have asked for and been accorded special treatment in our immigration laws.

As a matter of fact, Mr. Speaker, the Sugar Act gives Hawaii privileges and advantages which are not collectively given to the States of the United States. Hawaii has a most generous quota of sugar which she markets in continental United States and, in addition, she has a quota amounting to 37,000 tons for the

local home consumption. Puerto Rico receives similar advantages.

No States are allowed to market sugar in Hawaii, and the Hawaiian producers enjoy a monopoly in that market. My State of Michigan produces less than three-fifths of the sugar consumed by the citizens of that State. If Michigan had the same privilege the Sugar Act accords Hawaii, we then could nearly double our sugar production for the Michigan market alone. In addition, we would receive our pro rata share of the quota allocated to the entire United States beet-sugar industry. I have no doubt that the other beet-growing States would be mighty glad to have the arrangement which Hawaii has, whereby they furnish their entire home market and still participate most generously in supplying the sugar needs in other sections of continental United States.

The Fulmer bill proposes to increase the continental beet-sugar quota by some 62,000 tons. This 62,000 tons will make a total basis quota of 1,612,000 tons, which is considerably less than the average beet-sugar production of the last 3 years. In 1941 the Department of Agriculture arbitrarily reduced the acreage in the beet-sugar areas by 17 percent. Even with the 4 percent increase in basic quota provided in this bill, the United States beet-sugar industry will still be restricted in its production of sugar. This falls far short of giving the beet industry the basic quota needed to make full use of processing facilities which have long been available in this country.

Mr. Speaker, Hawaii has many other benefits under the Sugar Act which the States do not have:

First. As far as I have been able to learn, the Department of Agriculture has never imposed acreage allotments on Hawaii, but has recognized the growing crop as proportionate share production, in compliance with the requirements of the Sugar Act and to qualify for benefit payments.

Second. The quota given to Hawaii is distinctly for Hawaiian producers alone. No other State or Territory shares that quota with her. In my own State of Michigan we do not have a Michigan quota, but we are forced to take our pro rata share of the quota for the beet-sugar industry as a whole. If other States increase production, and a reduction in acreage of the existing plants is required to conform to quota restrictions, then Michigan producers must accept

acreage curtailment, as do all the other beet-growing States, even though Michigan's record of production has been constant over a period of years.

Hawaii asks for equal treatment with the States, but I question very seriously whether she would advocate a general domestic cane quota, which would include the mainland cane area, Hawaii and Puerto Rico in one group, so that when Florida increases her production the Hawaiians would have to take an acreage curtailment the following year. That is exactly the situation which faces the sugar-beet industry.

The beet area is composed of 19 States, which have to share proportionately the area quota, and the mainland cane area is composed of 2 States, whose shares are proportionate. In the case of all of these States, the individual share of any State is subject to adjustments each year. The gentleman from Hawaii will certainly concede that in regard to this individual area quota Hawaii has a distinct advantage over the States, which she would not willingly abandon. "Equal treatment," which the gentleman demands? She has much better than that now.

Newspapers carry the report that the Maritime Commission has issued orders that ships from the Philippines shall bring to this market no more sugar for probably 2 years at least, because of the developing situation in the Far East. When we consider that we depend upon the Philippines for 1,000,000 tons of sugar each year, it is very significant that the shipping shortage has become so acute as to shut out one-seventh of our normal source of supply. I mention this regrettable situation because it accentuates the importance and necessity for encouraging the production of sugar in continental United States. Sugar produced on the continent does not depend upon ships to reach consumers. Sugar produced in the islands is of no use to the American consumer unless ships are available to deliver that sugar to the mainland.

I regret that Hawaii is 3,000 miles away; but with the Japanese threat in the Pacific and the need of shipping space for strategic war materials there is a physical distinction which forces us to a realistic consideration of whether consumer requirements in sugar should not be more largely filled in the United States.

Mr. Speaker, if we can bring ourselves to think of this whole sugar problem in a national sense, then no one can question that the first consideration must be that the consumer will have a sufficient supply of sugar, and that he is assured of buying his sugar requirements at a fair price. Every other consideration is secondary, and the best insurance policy which the United States Government can write for consumers with regard to supplies and price lies in legislation which will permit the healthy and progressive expansion of the production of sugar in continental United States.

Unfortunately, this bill does not provide for such expansion. It does, however, bring to each of our domestic sugar activities certain very limited benefits, and through these a legislative recogni-

tion of our rights to these benefits. I earnestly urge every Member of the House to vote for this bill.

[Here the gavel fell.]

Mr. FULMER. Mr. Speaker, I yield 4 minutes to the gentleman from Utah [Mr. ROBINSON].

Mr. ROBINSON of Utah. Mr. Speaker, I hope the House will not be beguiled by this argument about getting a rule. We who are interested in sugar legislation and whose life blood depends on it know that this is our offered opportunity and our only opportunity to get this bill passed. You must know that the bill that is in operation now expires December 31. There will be no sugar legislation unless this bill is passed between now and that date. You also know the vast amount of legislation that is now before the House. Therefore, in order to get this bill passed in this House and in the Senate, it is absolutely necessary that it be done now.

Mr. BROOKS. Will the gentleman yield?

Mr. ROBINSON of Utah. I yield.

Mr. BROOKS. How will this be affected, then, if there is no bill passed? As a matter of fact, there are not any quotas now.

Mr. ROBINSON of Utah. If there is no bill passed, we have no sugar legislation at all, and the sugar industry and the consumers of sugar are absolutely in a mix-up.

If this bill does not pass, the price of sugar will immediately rise. Considerable has been said about the price of sugar. The price of sugar during the past 4 years has been lower than it has been at any comparable time during the last quarter of a century. At the present time we are in an emergency, and if we do not have legislation that will control the price of sugar and prevent its rising, sugar will go about like it did during the last World War, when it went to \$27 a hundred instead of \$5, the present price. So we need this legislation.

I am interested in the argument of the Delegate from Hawaii. Hawaii is affected in just one way in this bill. Under its terms it will lose 209 tons of sugar—get that figure—209 tons of sugar in a year.

Mr. KING. Mr. Speaker, will the gentleman yield?

Mr. ROBINSON of Utah. I cannot yield. Hawaii has nearly 1,000,000 tons allotted to it. Think of the loss of 209 tons out of a million. Not only that, it is thought by the framers of this legislation that the Territory will not lose anything, because it will have a portion of the quota that will come from the Philippine Islands.

Mr. HOUSTON. Mr. Speaker, will the gentleman yield?

Mr. ROBINSON of Utah. I cannot yield.

The Philippines cannot ship its quota that it has now. Hawaii, therefore, will come in for its share of the Philippine quota, and unquestionably it will, under this bill, be able to ship more sugar than it has been shipping up to this time.

This bill comes before you as the work of every sugar interest in the United States. They are united on it. We ask you now in the interest of those people,

in the interest of the 22 States where sugar is an agricultural product, and in the interest of the refiners to vote for this bill at the present time and give us a chance to get legislation.

[Here the gavel fell.]

Mr. FULMER. Mr. Speaker, I yield 1 minute to the gentleman from Louisiana [Mr. SANDERS].

Mr. SANDERS. Mr. Speaker, I sincerely hope the House will agree to suspend the rules and pass this bill. As stated by the distinguished gentleman from Utah, sugar legislation expires on the last day of this year just a few weeks off. With the crowded conditions of the House Calendar that confronts us, it is very possible that we shall not have any sugar legislation unless we pass this bill under suspension.

I noticed the remarks of the gentleman from Texas, who spoke in opposition to this bill. He was entirely in error as to the number of people concerned in the State of Louisiana. The sugar growers in Louisiana are for this bill. It is not all that we want, but, as stated by others, it is a compromise between conflicting interests. There are 17,255 sugar farmers in the State of Louisiana who hope this measure passes today, and this is not counting the laborers in the transportation agencies at the port of New Orleans or in the railroads.

[Here the gavel fell.]

Mr. SANDERS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a table showing the revenue received under the Sugar Act and the disbursements.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. RIZLEY. Mr. Speaker, I yield such time as he may desire to the gentleman from New Jersey [Mr. OSMERS].

Mr. OSMERS. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made a few moments ago.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. RIZLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Speaker, the complaint has been voiced this afternoon that the Committee on Agriculture did not give proper consideration and hearing to this legislation. The Committee on Agriculture has been considering the sugar question for the last 7 years. Congress passed the Sugar Act in 1934. There are absolutely no new issues involved at this time or any reason why the committee should have conducted a hearing on this particular bill. As for there being any issues at any time on sugar legislation they can all be boiled down into one, and that is to make a proper and fair distribution of sugar among the various producing areas. That is all there is to it. We have more sugar from the areas which are accustomed to supplying this country than we can consume. That is all that has ever been done in the course of any sugar legislation, the effort to make a fair alloca-

tion of sugar between the various producing areas.

Mr. HOUSTON. Mr. Speaker, will the gentleman yield at this time?

Mr. HOPE. I prefer not to at this time. If I have time later, I will.

Mr. CANNON of Florida. Mr. Speaker, will the gentleman yield to a member of the committee?

Mr. HOPE. I am sorry; not at this time. I will later, if I have time.

What does this bill do, Mr. Speaker? It really affects only four of the major sugar-producing areas. It takes away from Cuba about 50,000 tons of sugar. It takes away from the Philippines 27,000 tons of sugar and gives them to the beet- and cane-producing areas in continental United States. That is about all this bill does. That is the major thing done by this bill.

The Hawaiian Islands, Puerto Rico, and the Virgin Islands are not affected so far as their present quota is concerned; that is, they are not substantially affected.

The Florida area, whose representatives are protesting against this bill, will receive a slight increase in the amount they can produce. So there is today no reason why any area should object to what is done in this bill unless it would be Cuba and the Philippine Islands; and so far as the Philippine Islands are concerned, the amount that is being taken from them is from their dutiable quota which they have never been able to fill.

Mr. BOREN. Mr. Speaker, will the gentleman yield for one question?

Mr. HOPE. Not at this time. If I have time later I will gladly yield.

I can, of course, understand why Hawaii and Puerto Rico should like to have a part of this quota which is being given to the beet and cane producers in continental United States. I should like to see those areas have the right to produce more sugar, but the situation is that the beet and cane areas in the United States have been overproducing their quota for the last 3 years. They have not been able to get a quota which was sufficient to take care of their normal production during the last 3 years.

[Here the gavel fell.]

Mr. RIZLEY. Mr. Speaker, I yield such time as he may desire to the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Speaker, I ask unanimous consent to extend my own remarks on the pending bill at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska [Mr. STEFAN]?

There was no objection.

Mr. STEFAN. Mr. Speaker, this legislation known as H. R. 5988, if passed, will, in my opinion, be very agreeable to the sugar-beet growers of my State, Nebraska, and also the cane growers of our own continent. We all know that there is no mystery about this legislation, which is merely an amendment to the Sugar Act of 1937 and will really hurt no one in particular but will give the American beet-sugar grower a chance to increase his acreage if he so desires. I call your attention to the fact that our American sugar-beet acreage has been reduced to

such an extent that some have thought eventually the sugar-beet grower will be eliminated and the sugar-producing business may be surrendered to Cuba, Hawaii, Puerto Rico, and the Philippines.

The American sugarcane grower and the American beet-sugar grower produces only about 30 percent of the sugar consumed domestically. The rest is produced outside the continental United States, and I feel, through our sugar legislation, we have been paying a very substantial sum to the growers outside the continental United States. I am the follower of the philosophy that the American sugar-beet farmer is here to stay and that he should be encouraged to grow more sugar beets in order that we of this continent be not entirely dependent upon the sugar growers of other lands.

All this amendment does is to ration some of the dutiable quota of sugar raised in the Philippines to our domestic sugar producers. This dutiable sugar from the Philippines is not being sent to us anyway and the Philippines cannot send it now.

There is a great lack of shipping bottoms for some of this outside sugar now and there should be no opposition on the part of Members here today to deny the right of the American cane-sugar growers and the American beet-sugar farmers to supply us with this deficiency of sugar. They should be encouraged to raise more sugar beets and more sugarcane in the continental United States, and I believe this bill should be passed in order to give them this encouragement.

Mr. FULMER. Mr. Speaker, I yield such time as he may desire to the gentleman from Louisiana [Mr. DOMENGAUX].

Mr. DOMENGAUX. Mr. Speaker, I want to use these few minutes of my time to generally outline my opinion on the Fulmer bill to extend the Sugar Act of 1937, which is now being considered.

I do not feel that this bill fully justifies the importance of the continental sugar industry. At its best, it is merely a compromise. Although it does not fulfill the maximum desires of our domestic sugar-producing areas, I feel that it is an effort in the right direction to relieve a few of the hardships that have arisen under the original act.

The Sugar Act of 1937, as amended, has clearly demonstrated the value of regulation to the sugar planter, and its continuance should receive the full support of this House. The provisions of the act have materially helped to stabilize the farmer through crop control, benefit payments, deficiency payments, and abandonment payments. It has provisions totally unlike that of legislative control to other agricultural pursuits in that it is totally financially self-sustaining and has in fact netted the Government a neat profit.

In view of the example these provisions have set, I am naturally disappointed that the quota provisions allow only about 4 percent more production in domestic areas. It would seem to me that in view of the present international crisis, where it is known that the Philippines and other foreign producing areas will be unable to make deliveries throughout this crisis, which will probably be of long

duration, and that after this situation clears the demand for sugar will probably triple itself, legislation should be enacted that will encourage our farmers to materially increase their production instead of merely teasing the industry with the negligible increase of 4 percent. The industry will naturally be glad to get any increase; however, under conditions as they are, I feel sure that this pitiful increase will in no way cause any gleeful anticipation among the industry.

I feel, further, that a provision should be placed in this bill to protect the peculiar problems of the sugarcane planter. Under present regulations, the Secretary of Agriculture issues individual quota allotments in the early part of the year. Sugarcane in Louisiana and Florida is planted in the fall of the year and naturally the amount a farmer should plant is guess work, as he does not definitely know what his quota will be until the following spring, in which case he either did not plant enough or he has to plow under some of his cane or let it grow up without the benefits of the act.

It is gratifying to see that the Committee on Agriculture has seen fit to allow more latitude to the Secretary of Agriculture in reallocating deficits from off-shore areas. These provisions will, under certain conditions, greatly improve domestic marketing.

Recognition of the smaller farmer is also to be commended in allowing benefit payments of 80 cents as against the past 60 cents per 100 pounds.

In order that you may have a clearer picture of the benefits received by the sugar farmer as against the benefits received by other agricultural interests, I cite the following figures. In the first instance we produce only about 29 percent of the sugar that we consume, yet our farmers are restricted as to production. In comparison to this we produce a surplus of other major commodities, such as cotton, corn, wheat, and rice.

The total parity and soil conservation benefit payments paid to these other four agricultural industries were as follows during the fiscal year 1940: Cotton, \$198,316,000; corn, \$129,782,000; wheat, \$103,638,000, and rice, \$2,215,000. These amounts were paid by the Government to these farmers with no cost whatsoever to the farmers themselves. In the same year the sugar industry, through the processing tax, paid to the Government approximately \$80,000,000. Out of this \$80,000,000, the sugar farmers were reluctantly given \$46,000,000 in the form of benefit payments, deficiency payments, and abandonment payments. Out of this same fund, there is reserved approximately \$10,000,000 for the Philippines, who want their independence and at the same time want the generous patronage of our country. The remaining twenty-four million is in the United States Treasury to be used in assisting farmers of other products and other general governmental expenses, from building battleships to chasing insects. For the fiscal years 1938-41, inclusive, this Treasury take has risen from eleven million to thirty-four million annually, and the total profit to the Treasury for the same years is approximately \$60,000,000.

This clearly shows that the sugar industry is not receiving anything from the Government, but is, instead, generously donating millions to other governmental activities. The relation between the Government and the sugar industry may be compared to the relation between a gold-digger and her sugar daddy. She takes him for all she can, gives him only what she is forced to, and distributes the remainder upon herself and her more attractive paramours.

But this is only the beginning. The sugar industry is not only made to pay someone else's bills, but also forced to sing the song of the siren in luring the good will of our sister republics. In spite of being the only basic crop in which we do not produce a surplus and instead of encouraging domestic-sugar production so that our Nation may become independent of foreign-price control on this commodity, it seems that the Government insists upon using sugar as its political football. Instead of using our surplus crops in trading with our good neighbors, which would greatly assist producers of other commodities, our Government still persists in the use of a juicy political sugar treat in its good neighborly dealings. I could never understand the logic or reasoning of this and do hope that some day the majority of Congress will be able to see otherwise.

Proof that the sugar industry is one of the most substantial is the fact that it has outlived these adversities and discouragements and in view of the benefits that have arisen under the Sugar Act of 1937, I am in favor of the Fulmer bill for its extension. I honestly believe that the basis of this regulation is sound and that it may some day be applied to other agricultural production so that regulation will later evolve into something that will be much fairer to those who have spent their lives in bringing agricultural pursuits to their present status.

The present bill amends section 202 of the 1937 act as amended by increasing the allotment from domestic sugar-producing areas from 55.59 percent to 56.77 percent, and from the domestic allotment mainland cane sugar is increased from 11.31 percent to 11.52 percent.

The Fulmer bill further amends the original act in that it proposes to change the method by which the deficits in the Philippine quota and in the quotas for foreign countries other than Cuba should be reallocated. The present act restricts these deficits to full-duty countries and in the event of a general deficit in these quotas, the Secretary is unable to allot them to areas which have available supplies.

The bill further proposes to reduce the quota of Cuban refined sugar from 375,000 tons to 300,000 tons; however, the 75,000-ton decrease is added to the raw quota for Cuba.

The conditional benefit payment provisions are amended to increase the base rate of payments from 60 cents to 80 cents per 100 pounds and lowers the basic tonnage from 500 tons to 350 tons.

Mr. FULMER. Mr. Speaker, I yield such time as he may desire to the gentleman from Montana [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, the present Sugar Act expires December 31, 1941. Thus it is imperative that if we are to have the benefits and protection of the present law, H. R. 5988, which was introduced by the chairman of the Committee on Agriculture, will have to be passed and approved by the President before that time. If, for instance, the present law were not extended, beet growers may grow all of the beets for which processors or factories will contract; they would, however, be taking the risk of receiving no benefit payments heretofore and now received under the Sugar Act.

The basic quotas of sugar produced in the continental area is increased 4 percent by the bill under consideration. In tons, such increase will amount to 62,088 tons for the sugar-beet industry and crowding 17,000 tons for the cane industry. This increase is taken from Cuba and other foreign countries and that portion of the Philippine quota which is dutiable. In the neighborhood of 700 tons is taken from other foreign countries. In the event that there is a deficit in the Philippine quota due to the war conditions or other conditions, the deficit will be reallocated to continental producers up to the extent of 100,000 tons of any raw deficit and to other areas such as Cuba any excess of 100,000 tons.

The bill under consideration also amends the benefit or conditional payment provisions of the present law by increasing the rate of payment from 60 to 80 cents per hundred pounds, which would bring the benefit payments to the ordinary Montana ton of beets up around \$2.50 per ton. Also the present bill extends the law for a period of 3 years, to wit, from December 31, 1941, to December 31, 1944.

If our quotas are maintained and the sugar supplied in relation to demand, the tax on sugar and the benefit payments are to no appreciable degree handed to the consumer. We have the word of the Agriculture Department on this question, given many times.

I want to emphasize another important feature of the bill, particularly to the family-sized farm or small producer, and that is, the 80 cents per hundred pounds is graduated down as production increases over more than 350 tons of sugar per year. I might also add that the increase in the rate of payment is imperative because of the increasing costs of production.

Ever since I have been a Member of Congress I have been on an unofficial committee composed of western Congressmen and Senators, and our purpose has been to bring about an increased acreage production and an increased price for sugar beets; also we have had the assistance of able representatives of the various groups of growers which have been of invaluable help. I am dissatisfied with this bill. It is the best, however, that we can get. It is not what we want and need, but we are making some progress. I have always contended and do so now that the American market should belong as much as possible to the American farmer, for we must not forget that it is the American people who will be called upon to pay the tremendous

tax burden that the Congress is voting upon them to establish the "four freedoms" everywhere and to make this country the arsenal of democracies.

I fully realize that we cannot take from foreign countries in the Western Hemisphere too much at a time of their production as it might upset our needed friendly relations with these countries but today when we realize we only produce about 30 percent of the sugar we consume in this country, it is high time that we commence to take some quota from those countries so as to eventually produce a more substantial percent of sugar which we consume. A 4-percent increase of production is small but it is at least a beginning and is an opening wedge by which eventually the door will be open for greater expansion of a splendid industry for our western country, as sugar beets is about our best cash crop. If we are to assume the position of the world's bread basket then we are just as likely to become the world's sugar bowl, as sugar is an essential food and may be stored indefinitely without loss. I think it is obvious that this is the time we should urge that our agricultural resources of all kinds, particularly essential foodstuffs, should be built up to the maximum. No one can say, in the light of what we are now doing, namely, shipping to foreign so-called democracies our essential foodstuffs, what our domestic needs are going to be. It is going to take a mighty lot of food to keep a nation of 130,000,000 people in full strength. Everybody, of course, knows that war brings higher prices for everything. We have a tremendous area of undeveloped land and also huge supplies of water with which to irrigate those lands. Therefore, it should be our aim and purpose to bring into production every acre of those lands that is possible to the end that we will make Montana a better and more profitable State in which to live. Sugar beets is a mighty big factor in the development of our State. In connection with expanding our production, let me quote from the Democratic platform of 1940:

To safeguard the farmer's foreign markets and expand his domestic market for all domestic crops.

It has been a great source of pleasure for me to work in season and out to help in the development of this much needed industry in Montana. As long as I am in Congress, I will use every effort to increase our domestic production of sugar beets as well as all other crops and utilize our tremendous resources in both land and water to the utmost.

Mr. FULMER. Mr. Speaker, I yield myself the balance of the time on this side.

Mr. Speaker, I have served in Congress for about 21 years. During all of this time, except during my first term, I have had the privilege and pleasure of serving on the Agricultural Committee of the House.

Throughout all of these years, the most controversial legislation has been sugar legislation.

In every instance we have had to hold hearings for days and days, with many

of the groups interested in sugar complaining to the last ditch.

It is my belief, however, that the Agriculture Committee will make for itself an all-time record in the passage of H. R. 5988, the sugar bill now under consideration.

This bill was introduced by me on November 7, and reported to the House on November 19.

We appeared before the Rules Committee on Friday morning, November 28, at which time a rule was granted for the consideration of the bill.

Today, December 1, we are actually considering this bill, and I am sure that within the next few minutes it will be passed by the House by an overwhelming vote.

This bill perhaps does not completely satisfy any group that is interested in sugar legislation. However, it is the most satisfactory bill to all groups except in one or two instances that has ever been presented to the House.

The bill in question extends the Sugar Act of 1937 as amended, and which will expire on December 31, for 3 years.

This bill contains certain adjustments, which, because of the emergency at this time, are very advisable.

The bill does not depart from the principles underlying the basic legislation dealing with sugar.

During the 7 years this legislation has been in effect the sugar industry has been stabilized, and farmers, workers on the farm, and workers in the sugar industry have received real benefits.

The retail price of sugar to consumers, under present legislation, has been lower than in any period of the history of our Nation.

Certainly, this would indicate that we have been able to be helpful to the consumers of sugar.

It is to continue these gains that we propose to re-enact the 1937 act with certain helpful modifications.

The bill grants two major concessions to the beet and sugarcane growers:

First. It provides for an increase in the minimum quota allotted to the domestic sugar growers.

All of this increase, as stated, will go to the beet producers and the mainland sugarcane growers, each of these groups obtaining a 4-percent rise in its minimum quota.

Second. There is an increase in the benefit payments from 60 to 80 cents per hundred. Producers producing up to 350 tons of sugar would receive the full base payment. Thus the problem of the small farmers will receive much needed consideration.

I understand about 94 percent of all beet sugar is grown by farmers who produce less than 350 tons per farm, 61 percent of mainland cane sugar, 39 percent of Puerto Rico cane sugar, and 7 percent of Hawaiian cane sugar.

These conditional payments, however, will not be a public gratuity to producers. These payments are really a substitute for tariff protection which has steadily declined since 1934 from a rate of \$2 to a present rate of 90 cents on Cuban imports.

In the meantime, the Treasury has been receiving an annual revenue from the sugar-excite tax of 50 cents, amounting to about \$68,000,000, and with increased consumption, this may exceed \$80,000,000.

Conditional payments have amounted to about \$45,500,000 per year, leaving a Treasury balance more than ample to cover this proposed advance of around \$10,500,000 to producers.

In other words, there is no necessity for an increase in the price of sugar, and certainly no loss to the Treasury or the taxpayers of the country.

The sugar refiners of the country are well pleased with this bill for two reasons:

First. The import quota for refined Cuban sugar is reduced from 375,000 to 300,000 tons. This will give to the refiners in this country 75,000 additional tons of raw sugar.

Second. The bill provides that any part of the quota not used by the Philippines, because of the lack of shipping space, brought about by the war, will be allocated to the South American countries, all of which will be refined by the refiners in the United States.

The only opposition to this bill is coming from three sources:

First. Our congenial friend and colleague, Mr. KING, who represents Hawaii. However, on account of the increased benefits, and the very slight decline in Hawaii's quota, realizing that this bill will extend all of the good things under the original act, all of which has meant much to Hawaii, certainly these good people should not complain.

Second. That outstanding and lovable character, the congenial gentleman from Florida, a prominent member of the Agriculture Committee, PAT CANNON, complains on behalf of the sugar interests in Florida.

I am sure that deep down in the heart of our colleague there is no real complaint. Naturally, he has to represent his constituents.

The sugar industry in Florida disapproves of this bill; in fact, they disapprove all sugar legislation. In other words, if they had their way about it, there would not be any sugar legislation at all. In that this group, composed largely of one large producing and manufacturing concern, is blessed with a fine climate and abundant rich land, it is their belief that if they could be turned loose they would be able to produce enough sugar to satisfy the whole country and so cheaply that it would put all of the other domestic groups out of the farming business.

To me this is pure selfishness, in that if these people had their way about it, they would force thousands of good American citizens who are now engaged in growing sugar beets and sugarcane out of business and on the W. P. A.

Third. It appears that our good friend and colleague, Mr. KLEBERG, who is an outstanding member of the Agriculture Committee, is opposing this bill based on the grounds that its passage may interfere with a love affair that this country, through the State Department, has with the South American countries.

With all that we have been doing, and that which we are doing at this time, for these countries in doling out millions of dollars, much of which will never be returned, and in permitting them to ship into this country millions of dollars' worth of imports, practically all of which compete with our farm products in this country, as far as I am concerned I am perfectly willing to have a little disturbance in our love affairs.

I fully realize the deep interest on the part of the State Department concerning this matter, but the months will not be many before we are going to have to do something about these trade-treaty arrangements in the interest of our own farmers or we are going to have considerable unemployment and tenant farming in this country.

These arrangements would not be so bad if the Secretary would see to it that an agricultural quota was written into these treaties; that is, out of the tremendous purchasing power that we give to these people they would have to spend a certain portion thereof for agricultural products.

However, up to this date nothing has been done about it, and I believe the great interest in this love affair is on the part of many of the representatives of the selfish groups of this country, in that they are the recipients of the benefits accruing to this country.

I make this statement for the reason that the facts will show, as stated, that this purchasing power given to these countries does not benefit farmers but is used in buying manufactured goods.

Mr. friend, Mr. KLEBERG, visited Cuba some time ago, and upon his return, in speaking about his trip, he made this statement:

I was talking with one of the Cubans, and he said to me: "Do you see all of these automobiles all over the streets? We bought these automobiles in the United States with our sugar."

In the meantime I want to challenge Mr. KLEBERG or anyone else opposing this bill on the grounds that it will harm the South American countries, because we all know that for the next year or two, during this emergency, practically all of the quota allotted to the Philippines will go to these countries.

Let us, for one time, give some serious thought to the welfare of thousands of farmers in this country.

Mr. BOREN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BOREN. If we vote down the motion to suspend the rules and pass the bill, will it then come up in the regular procedure?

The SPEAKER. It takes its place on the calendar.

All time has expired. The question is on the motion of the gentleman from South Carolina [Mr. FULMER] that the House suspend the rules and pass the bill (H. R. 5988).

The question was taken; and on a division (demanded by Mr. PETERSON of Florida and Mr. CANNON of Florida) there were—ayes 134, noes 32.

So two-thirds having voted in favor thereof, the rules were suspended, and the bill was passed.

A motion to reconsider was laid on the table.

MEETING AT 11 O'CLOCK

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK].

There was no objection.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that it may be in order on Tuesday of next week to call the bills on the Private Calendar.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK].

There was no objection.

EXTENSION OF REMARKS

Mr. LANHAM and Mr. PATTON asked and were given permission to extend and revise their own remarks in the Record.

LABOR DISPUTES

Mr. SMITH of Virginia. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 198, and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 4139) to further expedite the national-defense program in respect of naval construction and procurement by providing for the investigation and mediation of labor disputes in connection therewith, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 2 days, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order any matter which relates to labor disputes and conditions in national defense. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous questions shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from Michigan [Mr. MICHENER] and yield myself 10 minutes.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Georgia.

Mr. COX. Mr. Speaker, as the Members understand, this is a rule to make in order the consideration of some kind of antistrike legislation. I take it that everybody is agreed that the rule should be passed and that these proposals should have full consideration. I have not consulted with the gentleman from Virginia, and I beg his pardon for breaking in in this manner, but I wonder if it will not be agreeable to the gentleman from Virginia and the ranking minority member that the gentleman from Virginia move the

previous question on the resolution in order that we may proceed with the debate instantly.

Mr. SMITH of Virginia. Mr. Speaker, I may be able to do that a little later, but I have promised some time, and I think this rule is of such a nature that it requires some explanation.

Mr. Speaker, this resolution calls for the consideration of the so-called Vinson antistrike bill. I want to explain to you the parliamentary situation, in view of the fact that this is a very unusual rule.

You know we have had discussions on and off the floor on the question of strikes in defense industries every since the defense program began. There has been a great demand for legislation, so the Committee on Rules, in granting a rule on the Vinson bill, made it just as broad as possible so that every phase of this subject could be considered and would be in order when the matter came to the floor.

There will be at least three proposals for legislation. There will be the Vinson bill, the so-called Ramspeck bill, and the so-called Smith bill. In view of the latitude given in the rule, I have consulted with the Parliamentarian and have a statement from him which is agreeable to the gentleman from Georgia [Mr. VINSON], the gentleman from Georgia [Mr. RAMSPECK], and to me. So that the House may know before we start just how this matter is to be considered, I shall read the statement, which is somewhat brief:

When the bill H. R. 4139 is taken up for reading under the 5-minute rule, it will be in order for Mr. RAMSPECK, after the first section of that bill has been read, to move to strike out the section and insert the provisions of H. R. 6137, as a substitute for the bill—that proposition will then be pending as the original amendment. Under rule 19 of the House it would then be in order for any Member to offer an amendment to the Ramspeck proposal and it would be in order for Mr. SMITH to offer the provisions of his bill as a substitute for the Ramspeck proposal. The Smith proposal would then be open to an amendment. Thus it will be seen that the four amendments allowed by rule 19 could conceivably be pending at one and the same time. If they were all pending at the same time the order of voting on them would be as outlined on page 6 of Cannon's Procedure in the House of Representatives, to wit: The question would first be put on agreeing to the amendment offered to the Ramspeck bill; then the vote would come on the amendment to the substitute offered by Mr. SMITH. Following that, the vote would come on the Smith substitute for the Ramspeck amendment, and, finally, the vote would come on the Ramspeck amendment in the nature of a substitute for the bill. It must be understood, however, that any number of amendments may be proposed to the Ramspeck amendment or the Smith substitute, but not more than one may be pending to each of those at the same time. As one is disposed of by vote, however, another amendment may be proposed. After the Committee of the Whole has perfected both the Ramspeck proposal and the Smith substitute, the vote would first come on the Smith substitute.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. Briefly.

Mr. HALLECK. Do I correctly understand that if the gentleman's bill is

offered as a substitute and is voted down, it would then be in order for any other Member having a bill to offer it as a substitute?

Mr. SMITH of Virginia. The gentleman is correct. The door is wide open for any substitute or amendment.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Michigan.

Mr. CRAWFORD. There is one point I want to clear up. There is what is known as the committee print.

Mr. SMITH of Virginia. That is the Vinson bill.

Mr. CRAWFORD. When the first section of the so-called committee print is read, then it will be in order to offer H. R. 6137?

Mr. SMITH of Virginia. No; H. R. 4139 is the bill that is under consideration by the terms of the rule.

Mr. CRAWFORD. Is this that bill?

Mr. SMITH of Virginia. No; H. R. 4139 is the original Vinson bill.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Kentucky.

Mr. MAY. As I understood the statement just read by the gentleman from Virginia, prepared by the Parliamentarian, all questions relating to the Smith bill and to the Ramspeck bill will be disposed of before we come to a vote on the Vinson bill?

Mr. SMITH of Virginia. That is right.

Mr. Speaker, let me say a brief word about some of the bills you are going to have to consider.

Mr. HEALEY. Before the gentleman gets to that, will he yield for one question?

Mr. SMITH of Virginia. Just one question, then I shall have to proceed.

Mr. HEALEY. As I understand, under the rule the Smith bill and the Ramspeck bill both may be offered as substitutes and may be perfected before a vote is had on either one?

Mr. SMITH of Virginia. That is right.

Mr. HEALEY. Then, is it possible to introduce any other measure or any other amendment which has no relationship to either the Smith or Ramspeck bills?

Mr. SMITH of Virginia. After they are disposed of, I think so.

Mr. HEALEY. They must be disposed of first, under the rule?

Mr. SMITH of Virginia. That is right.

Mr. CRAWFORD. If the gentleman will yield further, I have been to the document room personally and have been to the desk three times, and have been told that there is no such bill as H. R. 4139 available. I am trying to locate that bill.

Mr. SMITH of Virginia. I am sorry, I cannot help the gentleman. I did not introduce the bill and do not know what became of it. Probably there is so much interest in the legislation that Members have asked for copies of the bill. I would not be surprised if a great many of their constituents have wanted to see copies of strike bills.

Mr. BATES of Massachusetts. Mr. Speaker, will the gentleman yield?

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TO AMEND THE SUGAR ACT OF 1937,
AS AMENDED

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HEARING

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

SEVENTY-SEVENTH ^{U.S.} CONGRESS

FIRST SESSION

ON

H. R. 5988

AN ACT TO AMEND THE SUGAR ACT OF 1937,
AS AMENDED, AND FOR OTHER PURPOSES

REVISED

DECEMBER 9, 1941

Printed for the use of the Committee on Finance



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TO AMEND THE SUGAR ACT OF 1937, AS AMENDED

TUESDAY, DECEMBER 9, 1941

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to call, at 10:30 a. m., in room 312 Senate Office Building, Senator Walter F. George (chairman) presiding.

The CHAIRMAN. The committee will come to order.

This meeting has been called to consider S. 2041.

Since the introduction of S. 2041 and the fixing of hearings on it, H. R. 5988 has been passed by the House and referred to this committee.

(H. R. 5988 and the report are as follows:)

[H. R. 5988, 77th Cong., 1st sess.]

AN ACT To amend the Sugar Act of 1937, as amended, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 202 of the Sugar Act of 1937, as amended (relating to establishment and revision of quotas), is hereby amended to read as follows:

"SEC. 202. Whenever a determination is made, pursuant to section 201, of the amount of sugar needed to meet the requirements of consumers, the Secretary shall establish quotas, or revise existing quotas—

"(a) For domestic sugar-producing areas by prorating among such areas 56.77 per centum of such amount of sugar (but not less than 3,793,802 short tons) on the following basis:

"Area	Per centum
"Domestic beet sugar.....	42. 49
Mainland cane sugar.....	11. 52
Hawaii.....	24. 72
Puerto Rico.....	21. 03
Virgin Islands.....	. 24

"(b) For foreign countries, and the Commonwealth of the Philippine Islands, by prorating 43.23 per centum of such amount of sugar (except, if such amount of sugar is less than 6,682,670 short tons, the excess of such amount over 3,793,802 short tons) on the following basis:

"Area	Per centum
"Commonwealth of the Philippine Islands.....	34. 70
Cuba.....	64. 41
Foreign countries other than Cuba.....	. 89

In no case shall the quota for the Commonwealth of the Philippine Islands be less than the duty-free quota now established by the provisions of the Philippine Independence Act, as amended.

"The quota for foreign countries other than Cuba shall be prorated among such countries on the basis of the division of the quota for such countries made in General Sugar Quota Regulations, series 4, number 1, issued December 12, 1936, pursuant to the Agricultural Adjustment Act, as amended."

SEC. 2. That section 204 of the Sugar Act of 1937, as amended (relating to redistribution of deficits in area quotas), is amended to read as follows:

"SEC. 204. (a) The Secretary shall, as he deems necessary during the calendar year, determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugar beets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any domestic area, the Commonwealth of the Philippine Islands, or Cuba, will be unable to market the quota for such area. If the Secretary finds that any domestic area or Cuba will be unable to market the quota for such area for the calendar year then current, he shall revise the quotas for the domestic areas and Cuba by prorating an amount of sugar equal to the deficit so determined to the other areas, on the basis of the quotas, then in effect. Any portion of such sugar which the Secretary determines cannot be supplied by domestic areas and Cuba shall be prorated to foreign countries other than Cuba on the basis of the proration of the quota then in effect for such foreign countries. If the Secretary finds that the Commonwealth of the Philippine Islands will be unable to market the quota for such area for the calendar year then current, he shall revise the quotas for domestic sugar-producing areas, for Cuba, and for foreign countries other than Cuba, by prorating an amount of sugar equal to the deficit so determined, as follows:

"(1) To the domestic beet-sugar area and to the mainland cane-sugar area, on the basis of the respective quotas for such areas then in effect, an amount equivalent to such part, if any, of such deficit as the Secretary determines is due to inability to market in continental United States the amount of refined sugar permitted to be brought into continental United States, duty free, under the provisions of the Philippine Independence Act, as amended;

"(2) To foreign countries other than Cuba, on the basis of the proration of the quotas for such foreign countries then in effect, an amount not in excess of 100,000 short tons of the remainder of such deficit, after giving effect to the foregoing subsection (a) (1);

"(3) To Hawaii, Puerto Rico, Virgin Islands, and Cuba, on the basis of the respective quotas for such areas then in effect, the remainder, if any, of the amount of such deficit in excess of 100,000 short tons, after giving effect to the foregoing subsection (a) (1): *Provided, however:* That no part of any such Philippine deficit so prorated may be filled by direct-consumption sugar except that part, if any, prorated pursuant to the foregoing subsection (a) (1).

"(b) If, on the 1st day of September in any calendar year, any part or all of the proration to any foreign country of the quota in effect on the 1st day of July in the same calendar year for foreign countries other than Cuba, has not been filled, the Secretary may revise the proration of such quota among such foreign countries, by prorating an amount of sugar equal to such unfilled proration to all other such foreign countries which have filled their prorations of such quota by such date, on the basis of the prorations then in effect.

"(c) If the Secretary finds that any foreign country other than Cuba will be unable to market any part or all of the proration to such foreign country for the calendar year then current, the Secretary may increase the quotas for other foreign countries, for the domestic sugar-producing areas and for Cuba, by prorating an amount of sugar, equal to the deficit so determined, as follows:

"(1) To such foreign countries other than Cuba, on the basis of the proration of the quotas for such foreign countries then in effect, such portion of such deficit as the Secretary finds they will be able to market in the calendar year then current;

"(2) To the domestic sugar-producing areas and Cuba, on the basis of the respective quotas for such areas then in effect, the remainder, if any, of such deficit.

"(d) The quota for any domestic area, the Commonwealth of the Philippine Islands, or Cuba, or other foreign countries, shall not be reduced by reason of any determination made pursuant to the provisions of subsection (a) or subsection (c) of this section 204."

SEC. 3. Section 207 (c) of the Sugar Act of 1937, as amended (relating to direct-consumption sugar from Cuba), is amended by striking out "three hundred and seventy-five thousand" and inserting in lieu thereof "three hundred thousand."

SEC. 4. (a) Subsection (a) of section 304 of the Sugar Act of 1937 is amended to read as follows:

"SEC. 304. (a) The amount of the base rate of payment shall be 80 cents per hundred pounds of sugar or liquid sugar, raw value."

(b) Subsection (c) of section 304 of the Sugar Act of 1937, is amended to read as follows:

"(c) The total payment with respect to a farm shall be the product of the base rate specified in subsection (a) of this section multiplied by the amount of sugar and liquid sugar, raw value, with respect to which payment is to be made, except that reduction shall be made from such total payment in accordance with the following scale of reductions:

"That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value	Reduction in the base rate of payment per hundred-weight of such portion
"350 to 700-----	\$0. 05
700 to 1,000-----	. 10
1,000 to 1,500-----	. 20
1,500 to 3,000-----	. 25
3,000 to 6,000-----	. 275
6,000 to 12,000-----	. 30
12,000 to 30,000-----	. 325
More than 30,000-----	. 50

SEC. 5. (a) Section 101 (f) of the Sugar Act of 1937, as amended (relating to the definition of liquid sugar), is amended by striking out "6 per centum" and inserting in lieu thereof "8 per centum".

(b) Section 401 (b) of the Sugar Act of 1937, as amended (relating to the definition of "manufactured sugar"), is amended by striking out "6 per centum" and inserting in lieu thereof "8 per centum".

SEC. 6. Section 513 of the Sugar Act of 1937, as amended (relating to termination of powers of the Secretary of Agriculture under the Sugar Act), is amended to read as follows:

"Sec. 513. The powers vested in the Secretary under this Act shall terminate on December 31, 1944, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1944 and previous crop years."

SEC. 7. Section 3508 of the Internal Revenue Code (relating to termination of taxes under the Sugar Act) is amended to read as follows:

"SEC. 3508. TERMINATION OF TAXES

"No tax shall be imposed under this chapter on the manufacture, use, or importation of sugar after June 30, 1945."

SEC. 8. Section 503 of the Sugar Act of 1937, as amended (relating to payments to the Commonwealth of the Philippine Islands), is amended by striking out "June 30, 1942" and inserting in lieu thereof "June 30, 1945".

Passed the House of Representatives December 1, 1941.

Attest:

SOUTH TRIMBLE, *Clerk.*

[H. Rept. No. 1430, 77th Cong., 1st sess.]

The Committee on Agriculture, to whom was referred the bill (H. R. 5988) to amend the Sugar Act of 1937, as amended, and for other purposes, having considered the same, report thereon with a recommendation that it do pass, without amendment.

GENERAL STATEMENT

Quota control of the sugar industry has been in effect since 1934. The presently controlling legislation, the Sugar Act of 1937, as amended, expires on December 31, 1941. The bill (H. R. 5988) provides that the Sugar Act be extended for 3 years, with certain adjustments which experience and conditions arising out of the national emergency make advisable. However, the bill does not depart from the principles underlying the basic legislation dealing with sugar, and it has the support of agriculture, labor, and management in far the greater part of the sugar industry.

In the 7 years in which it has been effective, sugar control has demonstrated its value. The industry has been stabilized, the income of farmers and workers has been improved, and the system has been a protection to consumers. Since the enactment of the Sugar Act of 1937 the retail price of sugar to consumers has been lower than in any 4-year period in our history as a nation. The program has been effective in time of peace, and during a period of almost worldwide war. It is to continue these gains that the bill proposes to reenact the legislation with certain modifications.

The bill provides a slight increase of 4 percent in the basic quotas for the domestic sugar-beet area and the mainland cane-sugar area. These increases are scarcely more than token recognition of the fact that in each of the years since the passage of the Sugar Act of 1937 the beet-sugar area has exceeded its quota from beets produced on acreage allotted by the Secretary of Agriculture, and that the mainland cane area has exceeded its quota in all but one of those years. In the case of beet sugar the increase in quota amounts to 62,088 tons, and for the mainland cane area the increase is 16,880 tons. To accommodate these increases, the total minimum quota of all domestic sugar-producing areas is increased from 3,715,000 tons to 3,793,802 tons. There are no appreciable changes in the quotas for Hawaii, Puerto Rico, or the Virgin Islands. The basic quotas for Cuba, the Philippine Islands, and foreign countries other than Cuba are reduced by 2.7 percent, which amounts to 50,791 tons for Cuba, 27,363 tons for the Philippines, and 702 tons for other foreign countries. The reduction in the quota of the Philippine Islands affects only the dutiable portion of that quota, does not involve the minimum duty-free quota provided in the Philippine Independence Act, and is a matter of no consequence to the Island producers since they have never availed themselves of that portion of their quota on which duty must be paid.

Under the present act, a deficit in the Philippine quota can be reallocated only to foreign countries other than Cuba, although in case these areas are unable to supply the deficit the law provides no way by which it can be allotted to areas that are in a position to market additional quantities of sugar. Increasing difficulties and dangers of ocean shipping make it more than ever important that these provisions be revised. Thus the bill provides that any deficits in the Philippine quota shall be reallocated in this manner: First, the continental producers of sugar beets and sugarcane shall share proportionately in any deficits in the Philippine duty-free quota of refined sugar; second, foreign countries other than Cuba shall share proportionately the first 100,000 tons of any deficit in raw sugar; and, third, the balance of any deficit shall be shared proportionately by Hawaii, Puerto Rico, the Virgin Islands, and Cuba. It should be noted that the allotment of 100,000 tons of a Philippine deficit to foreign countries other than Cuba is a greater amount of sugar than these countries have ever supplied to the United States in any year, with the exception of 1941.

The provision that only deficits in the Philippine duty-free refined-sugar quotas shall be allotted to continental areas has distinct potential advantages for insular producing areas and Cuba. Under the provisions of the bill, after the allotment of the first 100,000 tons to foreign countries other than Cuba, the balance of any deficit in Philippine raw sugar is to be allotted proportionately to Hawaii, Puerto Rico, the Virgin Islands, and Cuba. So long as the stringency in shipping continues, it is considered probable that substantial deficits will occur in the Philippine quota.

As a needed supplement to the present law, the bill provides that, if any foreign country other than Cuba is unable to fill its quota, the deficit shall first be allotted to those foreign countries which are able to market additional quantities of sugar, and any remainder to the domestic sugar-producing areas and Cuba on the basis of their effective quotas. The bill provides that any Philippine deficit so reallocated, excepting only that reallocated to the continental beet- and cane-sugar areas, shall not be marketed as refined sugar.

The bill amends section 207 (e) of the Sugar Act by reducing Cuba's direct-consumption sugar quota from 375,000 tons to 300,000 tons. This reduction has the practical effect of maintaining the present approximate quantity of raw cane sugar which can enter into continental United States each year for subsequent refining, and hence to maintain the present status of American workmen in the seaboard refining States of Massachusetts, New York, New Jersey, Pennsylvania, Maryland, Louisiana, Texas, and California. The reduction in the direct-consumption quota does not reduce Cuba's total quota under the figure prescribed by the bill. It merely means that 75,000 tons more of Cuban sugar shall be imported in raw form, rather than as direct-consumption sugar. Traditionally, Cuba has marketed her major production in the United States in the form of raw sugar, and sugar refining has never been an important industry in the island. In comparison with the growing and milling of sugar-cane, sugar refining is an insignificant part of the economic life of the Cuban people.

On September 8 Secretary Wickard, in announcing his plans for the mobilization of agriculture for national defense, stated that no acreage limitations are contemplated for domestic sugar producers in 1942, thereby indicating the need for bringing about a larger production of sugar in these areas. Because of price increases in other crops competitive with sugar, the economic needs of sugar

producers, and the rising costs of sugar production, the bill provides that the base rate of the conditional payment be increased from 60 to 80 cents a hundred pounds, raw value.

A graduated scale of reductions is provided in the payments to be made to producers of more than 350 tons of sugar. In this connection, it is important to observe that the increase in payment is not a burden on the consumer because, as the Secretary of Agriculture has often pointed out, so long as a quota system remains in effect taxes on sugar and conditional payments are not reflected in average retail prices. Moreover, the conditional payment is the only payment now made by the Federal Government on sugar crops.

The Sugar Act of 1937 defines liquid sugar as a product in which the soluble nonsugar solids are equal to 6 percent or less of the total soluble solids. At the time of the approval of the act it was contended by certain importers of these products that liquid sugars containing more than 6 percent of soluble nonsugar solids could not be imported for use in human consumption. However, liquid sugar containing more than 6 percent soluble nonsugar solids has been imported, the volume of displacement of other sugar in 1941 being estimated at 40,000 tons. Liquid sugar which contains more than 6 percent of soluble nonsugar solids is charged against no quota and pays no tax, and clearly evades both the quota and tax provisions of sugar control. To prevent future evasion, the bill provides that liquid sugar include a product in which the soluble nonsugar solids are equal to 8 percent or less of the total soluble solids.

EXPLANATION OF THE BILL

QUOTA PROVISIONS

Section 1 (a) of the bill provides that, in the establishment of quotas for the various producing areas, the Secretary of Agriculture shall allot to domestic sugar producing areas 56.77 percent (but not less than 3,793,802 short tons) of the total amount of sugar estimated to be needed to meet the requirements of consumers in continental United States. The participation of each area in the domestic quota is as follows:

	Percent
Domestic beet sugar.....	42.49
Mainland cane sugar.....	11.52
Hawaii.....	24.72
Puerto Rico.....	21.03
Virgin Islands.....	.24

Section 1 (b) of the bill provides that foreign countries and the Commonwealth of the Philippine Islands shall be allotted 43.23 percent of estimated consumption requirements (except that if the estimate of consumption is less than 6,682,670 short tons, these producing areas shall be allotted the amount by which the estimate of consumption exceeds 3,793,802 tons) on the following basis:

	Percent
Commonwealth of the Philippine Islands.....	34.70
Cuba.....	64.41
Foreign countries other than Cuba.....	.89

It is provided also that the quota for the Commonwealth of the Philippine Islands shall in no case be less than the duty-free quota established by the provisions of the Philippine Independence Act, and that the quota for foreign countries other than Cuba shall be prorated among such countries on the basis of the revision of the quotas for these countries made in General Sugar Quota Regulations, Series 4, No. 1, issued December 12, 1936, pursuant to the Agricultural Adjustment Act, as amended.

PRORATION OF DEFICITS

Section 2 of the bill directs that the proration of Philippine deficits shall be as follows:

1. The domestic sugar-beet area and the mainland cane-sugar area shall be allotted, on the basis of their effective quotas, an amount of sugar equivalent to any deficit in the quota of refined sugar which may be brought into continental United States, duty-free, from the Philippine Islands under the provisions of the Philippine Independence Act, as amended.

2. Foreign countries other than Cuba shall be allotted, on the basis of their effective quotas, an amount of sugar not in excess of 100,000 short tons.

3. Hawaii, Puerto Rico, the Virgin Islands, and Cuba shall be allotted on the basis of their effective quotas, the amount of sugar by which the deficit exceeds 100,000 short tons. It is provided that no part of a Philippine deficit may be filled by direct-consumption sugar other than that allotted to the domestic beet-sugar area and the mainland cane-sugar area.

With respect to the proration of deficits in the quotas of foreign countries other than Cuba, the bill provides that if the Secretary of Agriculture finds that any foreign country other than Cuba is unable to market its quota for any calendar year, he shall prorate the deficit among such foreign countries, other than Cuba, as the Secretary determines are able to fill the same. The remainder, if any, is allotted proportionately to the domestic sugar-producing areas and Cuba.

Section 2 (d) continues the guaranty of the present law that the basic quota of a producing area shall not be reduced because of a proration of a deficit.

DIRECT-CONSUMPTION SUGAR QUOTAS

Section 3 of the bill establishes the Cuban direct-consumption sugar quota at 300,000 tons.

CONDITIONAL PAYMENTS

Section 4 of the bill provides that the base rate of conditional payments shall be 80 cents per 100 pounds to producers of less than 350 tons of sugar. A graduated scale of reductions in payments is provided for producers of more than 350 tons.

LIQUID SUGAR

Section 5 of the bill amends the definition of liquid sugar so that there will be included a product which contains up to 8 percent soluble nonsugar solids. This section similarly amends section 401 (b) of the Sugar Act, which relates to the definition of "manufactured sugar."

TERMINATION OF THE ACT

Section 6 provides that the powers vested in the Secretary of Agriculture under the act shall terminate on December 31, 1944, except that the Secretary shall have power to make payments under title III of the Sugar Act for programs applicable to the crop year 1944, and previous crop years.

TERMINATION OF TAXES

Section 7 provides that section 3508, Internal Revenue Code, be amended so that no tax shall be imposed on the manufacture, use, or importation of sugar after June 30, 1945.

PHILIPPINE PAYMENT

Section 8 provides that the period within which refunds may be made of taxes collected on Philippine sugar be extended from June 30, 1942, to June 30, 1945.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows: Existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman:

(Public, No. 414—75th Cong.)

SEC. 202. Whenever a determination is made, pursuant to section 201, of the amount of sugar needed to meet the requirements of consumers, the Secretary shall establish quotas, or revise existing quotas—

(a) For domestic sugar-producing areas by prorating among such areas [55.59] 56.77 per centum of such amount of sugar (but not less than [3,715,000] 3,793,802 short tons) on the following basis:

Area	Per centum	
Domestic beet sugar.....	[41. 72]	42. 49
Mainland cane sugar.....	[11. 31]	11. 52
Hawaii.....	[25. 25]	24. 72
Puerto Rico.....	[21. 48]	21. 03
Virgin Islands.....	[. 24]	. 24

(b) For foreign countries, and the Commonwealth of the Philippine Islands, by prorating [44.41] 43.23 per centum of such amount of sugar (except, if such amount of sugar is less than 6,682,670 short tons, the excess of such amount over [3,715,000] 3,793,802 short tons) on the following basis:

Area	Per centum
Commonwealth of the Philippine Islands	34.70
Cuba	64.41
Foreign countries other than Cuba	.89

In no case shall the quota for the Commonwealth of the Philippine Islands be less than the duty-free quota now established by the provisions of the Philippine Independence Act [1], as amended.

The quota for foreign countries other than Cuba shall be prorated among such countries on the basis of the division of the quota for such countries made in General Sugar Quota Regulations, Series 4, Number 1, issued December 12, 1936, pursuant to the Agricultural Adjustment Act, as amended.

SEC. 204. (a) The Secretary shall, as he deems necessary during the calendar year, determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugar beets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any domestic area, the Commonwealth of the Philippine Islands, or Cuba, will be unable to market the quota for such area. If the Secretary finds that any domestic area or Cuba will be unable to market the quota for such area for the calendar year then current, he shall revise the quotas for the domestic areas and Cuba by prorating an amount of sugar equal to the deficit so determined to the other [such] areas, on the basis of the quotas then in effect. Any portion of such sugar which the Secretary determines cannot be supplied by domestic areas and Cuba shall be prorated to foreign countries other than Cuba on the basis of the prorations of the quota then in effect for such foreign countries. If the Secretary finds that the Commonwealth of the Philippine Islands will be unable to market the quota for such area for the calendar year then current, he shall revise [the quota for foreign countries other than Cuba by prorating an amount of sugar equal to the deficit so determined to such foreign countries, on the basis of the prorations of the quota then in effect for such countries: *Provided, however,* That the quota for any domestic area, the Commonwealth of the Philippine Islands, or Cuba or other foreign countries, shall not be reduced by reason of any determination made pursuant to the provisions of this subsection.] the quotas for domestic sugar-producing areas, for Cuba, and for foreign countries other than Cuba, by prorating an amount of sugar equal to the deficit so determined, as follows:

(1) To the domestic beet-sugar area and to the mainland cane-sugar area, on the basis of the respective quotas for such areas then in effect, an amount equivalent to such part, if any, of such deficit as the Secretary determines is due to inability to market in continental United States the amount of refined sugar permitted to be brought into continental United States, duty free, under the provisions of the Philippine Independence Act, as amended;

(2) To foreign countries other than Cuba, on the basis of the proration of the quotas for such foreign countries then in effect, an amount not in excess of 100,000 short tons of the remainder of such deficit, after giving effect to the foregoing subsection (a) (1);

(3) To Hawaii, Puerto Rico, Virgin Islands, and Cuba, on the basis of the respective quotas for such areas then in effect, the remainder, if any, of the amount of such deficit in excess of 100,000 short tons, after giving effect to the foregoing subsection (a) (1): *Provided, however,* That no part of any such Philippine deficit so prorated may be filled by direct-consumption sugar except that part, if any, prorated pursuant to the foregoing subsection (a) (1).

(b) If, on the 1st day of September in any calendar year, any part or all of the proration to any foreign country of the quota in effect on the 1st day of July in the same calendar year for foreign countries other than Cuba, has not been filled, the Secretary may revise the proration of such quota among such foreign countries, by prorating an amount of sugar equal to such unfilled proration to all other such foreign countries which have filled their prorations of such quota by such date, on the basis of the prorations then in effect.

(c) If the Secretary finds that any foreign country other than Cuba will be unable to market any part or all of the proration to such foreign country for the calendar year then current, the Secretary may increase the quotas for other foreign countries, for the

domestic sugar-producing areas and for Cuba, by prorating an amount of sugar, equal to the deficit so determined, as follows:

(1) To such foreign countries other than Cuba, on the basis of the proration of the quotas for such foreign countries then in effect, such portion of such deficit as the Secretary finds they will be able to market in the calendar year then current;

(2) To the domestic sugar-producing areas and Cuba, on the basis of the respective quotas for such areas then in effect, the remainder, if any, of such deficit.

(d) The quota for any domestic area, the Commonwealth of the Philippine Islands, or Cuba, or other foreign countries, shall not be reduced by reason of any determination made pursuant to the provisions of subsection (a) or subsection (c) of this section 204.

Sec. 207.

(e) Not more than [three hundred and seventy-five thousand] three hundred thousand short tons, raw value, of the quota for Cuba for any calendar year may be filled by direct-consumption sugar.

Sec. 304. (a) The amount of the base rate of payment shall be [60] 80 cents per hundred pounds of sugar or liquid sugar, raw value.

(c) The total payment with respect to a farm shall be the product of the base rate specified in subsection (a) of this section multiplied by the amount of sugar and liquid sugar, raw value, with respect to which payment is to be made, except that [reductions] reduction from such total payment in accordance with the following scale of reductions:

	Reduction in the base rate of pay- ment per hundred- weight of such por- tion
[That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value:	
500 to 1,500-----	\$0. 050
1,500 to 6,000-----	. 075
6,000 to 12,000-----	. 100
12,000 to 30,000-----	. 125
More than 30,000-----	. 300]

	Reduction in the base rate of pay- ment per hundred- weight of such portion
That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value:	
350 to 700-----	\$0. 05
700 to 1,000-----	. 10
1,000 to 1,500-----	. 20
1,500 to 3,000-----	. 25
3,000 to 6,000-----	. 275
6,000 to 12,000-----	. 30
12,000 to 30,000-----	. 325
More than 30,000-----	. 50

SECTION 101. For the purposes of this Act, except title IV—

(f) The term "liquid sugar" means any sugars (exclusive of sirup of cane juice produced from sugarcane grown in continental United States) which are principally not of crystalline structure and which contain or which are to be used for the production of any sugars principally not of crystalline structure which contain soluble nonsugar solids (excluding any foreign substances that may have been added) equal to [6 per centum] 8 per centum or less of the total soluble solids.

Sec. 401. For the purposes of this title—

(b) The term "manufactured sugar" means any sugar derived from sugar beets or sugarcane, which is not to be, and which shall not be, further refined or otherwise improved in quality; except sugar in liquid form which contains nonsugar solids (excluding any foreign substance that may have been added) equal to more than [6 per centum] 8 per centum of the total soluble solids, and except also sirup of cane juice produced from sugarcane grown in continental United States.

The grades or types of sugar within the meaning of this definition shall include, but shall not be limited to, granulated sugar, lump sugar, cube sugar, powdered sugar, sugar in the form of blocks, cones, or molded shapes, confectioners' sugar, washed sugar, centrifugal sugar, clarified sugar, turbinado sugar, plantation white sugar, muscovado sugar, refiners' soft sugar, invert sugar mush, raw sugar, sirups, molasses, and sugar mixtures.

SEC. 513. The powers vested in the Secretary under this Act shall terminate on [December 31, 1941,] *December 31, 1944*, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year [1941] *1944* and previous crop years.

SEC. 3508. TERMINATION OF TAXES

No tax shall be imposed under this chapter on the manufacture, use, or importation of sugar after [June 30, 1942] *June 30, 1945*.

The CHAIRMAN. At this time I think we should enter in the record the reports from the Department of State, the Secretary of State, which is adverse to this bill.

Senator VANDENBERG. May I see that?

The CHAIRMAN. Yes. Also the report from the Department of Agriculture, and I believe there is a report from the Secretary of the Interior. There is also submitted for the information of the committee memoranda with reference to S. 2041 from the Tariff Commission which may be entered in the record.

(The reports referred to are as follows:)

THE SECRETARY OF THE INTERIOR,
Washington, D. C., December 5, 1941.

HON. WALTER F. GEORGE,

Chairman, Committee on Finance, United States Senate.

MY DEAR SENATOR GEORGE: Your letter of November 21 requests a report on S. 2041, a bill to amend the Sugar Act of 1937, as amended, and for other purposes.

The proposed legislation would revise in certain particulars and extend for 3 years the Sugar Act of 1937, as amended. In effecting such extension the proposal not only would continue certain provisions of the existing law which discriminate unfairly against American citizens residing in the insular parts of the United States but also would introduce new and equally unjustified forms of such discrimination.

During the Seventy-sixth Congress several sugar bills were introduced which included various proposals to discriminate against the Territories and island possessions of the United States. In a letter of April 11, 1940, to the Honorable Marvin Jones, chairman of the House Committee on Agriculture, the President commented with reference to such proposals as follows:

"It is also clear that a reshuffling of domestic quotas so as to discriminate against producers in the domestic insular areas would, under the special circumstances, hardly be a conscionable procedure. The people of the Territory of Hawaii and the possessions of Puerto Rico and the Virgin Islands are American citizens who compose some of those minority groups in our population with local governments that lack the protection of statehood. If this circumstance were not given adequate consideration, it would be possible to destroy by legislation the livelihood of our citizens in the insular parts of the United States through the enactment of discriminatory prohibitions against their products; and they would possess no legal power to take counter measures in self-defense. Such a course of action, as I have pointed out on a previous occasion, would be tantamount to an imperialistic classification of citizens and a tyrannical abuse of minority rights that is utterly contrary to the American concept of fairness and democracy. Among the cases in point is the proposal to reinstate the former discrimination against the refining of sugar in the insular parts of the United States."

I believe that it is not possible to justify any further sugar legislation that conflicts with the policies expressed in the foregoing statement. I strongly urge therefore, that if the pending bill is to be enacted the following discriminatory aspects of the proposal be eliminated:

1. The extension of the restrictions against sugar refining which are contained in section 207 of the Sugar Act of 1937.

2. The exclusion of the Virgin Islands from participation in benefit payments while at the same time being subjected to the excise tax on sugar.

3. The exclusion of the Territories and island possessions from participation in the 4 percent increase allotted to the domestic areas. I suggest that if any increase in the percentage of the domestic allotment is determined upon, it be allocated in the proportion of the existing quotas.

4. The inclusion of the insular parts of the United States in the classification with foreign countries in connection with the provision for the distribution of any deficit in the Philippine quota. In this provision and in the discrimination mentioned in the preceding paragraph are to be found the revival of the same form of discrimination that was contained in the 1934 Sugar Act but corrected in the Sugar Act of 1937. I refer to the classification of the insular parts of the United States in a category with foreign countries rather than as an integral part of the United States.

I am informed that your committee will hold hearings on the proposed legislation on December 10 and that you desire this report at that time. In view of the time element involved it has not been possible to clear this report with the Bureau of the Budget.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

DEPARTMENT OF STATE,
Washington, D. C., December 8, 1941.

The Honorable WALTER F. GEORGE,
Chairman, Committee on Finance, United States Senate.

MY DEAR SENATOR GEORGE: I have received your letter of November 10, 1941, enclosing for my consideration a copy of a bill (S. 2041) to amend the Sugar Act of 1937 and requesting that I submit a report thereon at the earliest possible date. Since the bill has an important bearing on our foreign relations, I am glad to comment on it.

When viewed against the background of history of sugar legislation in the United States since 1934, and of the present highly critical international situation, legislation such as that proposed seems to be singularly inappropriate. The sugar legislation now in effect in the United States was enacted to afford relief from a distressing problem of sugar surpluses; that problem does not exist today. At a time when there does not appear to be any compelling reason for new sugar legislation the bill would, among other things, alter the present basic quotas at the expense of offshore areas. You will recall that the President, in a letter of April 11, 1940, to the chairman of the House Agricultural Committee commenting on a number of somewhat similar sugar bills which had been introduced in the Seventy-sixth Congress, stated:

"* * * some of these bills would discard the established basis of distribution of quotas among the various sugar-producing areas that was carefully developed by the Congress in 1937, your committee stated that the quotas had been arrived at 'after careful consideration of the history of production in each area and its present and future capacity to market.' I believe that we all appreciate readily the natural desire of each producing area to enlarge its share of the market, but it would be most difficult to justify an abandonment of the existing distribution of quotas in favor of a new and arbitrary basis of allotments."

In that same letter to the chairman of the House Agricultural Committee the basic problem of good government inherent in sugar legislation was defined by the President as the balancing, practically and fairly, of the directly conflicting interests of the various groups of American citizens concerned—the producers of sugar and the producers of export commodities, the farmers and the processors, the employers and labor, and the industry as a whole, and consumers and taxpayers. Such a balance is of course extremely difficult to achieve even with the utmost good will on the part of all concerned. However, the inherent difficulty has been enhanced by the fact that sugar legislation introduced in Congress in recent years has almost invariably proposed concessions to certain groups of American citizens at the expense of other groups of American citizens and of hemispheric unit.

As has occurred on several occasions in the past, it is proposed to use this bill, which is an agricultural bill, for the purpose of granting increased protection to the mainland sugar-refining industry. When the Sugar Act of 1937 was being considered, I pointed out in a letter to the chairman of your committee the reasons

why limitation of the amount of direct-consumption sugar which may enter from Cuba is open to serious objection. Under present emergency conditions, it is even more questionable whether the continuation of such restrictions is wise. The bill under reference would not only continue the restrictions contained in the present law but would restrict still further the importation of direct-consumption sugar from Cuba and would embargo the importation of direct-consumption sugar from foreign countries under any reallocation they might receive as a result of deficiencies in the Philippine quota.

From the standpoint of our foreign relations, the chief objections to S. 2041 are the adverse effects it would have on Cuba, the British West Indies, and the full-duty countries. Cuba would be injured by provisions substantially reducing its direct-consumption quota, decreasing its basic quota and subjecting to quota restrictions certain grades of edible molasses not now subject to quota restrictions. These adverse changes, which would be effective at least until January 1, 1945, would constitute a violation of the spirit, if not the letter, of our existing trade agreement with Cuba. The provision in the bill creating the possibility that Cuba may supply additional sugar to the United States in the event deficiencies in the Philippine quota are unusually large would not justify a worsening of Cuba's position as a supplier of sugar to the United States in more normal times contrary to the basic principle on which the legislation now in effect was based.

The British West Indies are adversely affected because certain grades of edible molasses normally imported therefrom would apparently be subjected to an absolute embargo contrary to our trade agreement with the United Kingdom.

The full-duty countries would have their position worsened because under present circumstances they would receive much less favorable treatment in respect of reallocation of the deficiencies in the Philippine quota. In addition, they would suffer a reduction in their basic quotas. This reduction, although small, would constitute a violation of the International Sugar Agreement.

In view of the above-mentioned objectionable features contained in the bill and the adverse effects which its enactment could not fail to have on the efforts of this Government to promote the closest possible cooperation between the nations of this hemisphere, I strongly recommend that it be not enacted, regardless of whatever good features it may contain.

I trust that any sugar legislation which may be enacted will conform to the basic principles underlying existing sugar legislation, avoid violation of our international obligations, and help rather than hinder our efforts to strengthen the defense of this hemisphere.

This letter has been submitted to the Director of the Budget who states that the proposed legislation is not in accord with the program of the President.

Sincerely yours,

CORDELL HULL.

DEPARTMENT OF AGRICULTURE,
December 8, 1941.

HON. WALTER F. GEORGE,
Chairman, Senate Finance Committee.

"DEAR SENATOR GEORGE: Reference is made to your request for the views of this Department on S. 2041, a bill to amend the Sugar Act of 1937, as amended, and for other purposes.

Section 513 of the Sugar Act of 1937 provides that the powers vested in the Secretary of Agriculture under that legislation shall terminate on December 31, 1941, except that title III of the act authorizes the Secretary to make payments under programs applicable to the crop year 1941 and previous crop years. However, the excise taxes with respect to sugar are continued until June 30, 1942.

The general effect of these varying termination dates, were no legislative action taken, would be to create an unbalanced situation in the sugar industry. The payments provided for under the Sugar Act would be made on varying portions of the sugar marketed by the respective areas during the calendar year 1942 while the excise tax on sugar would be collected on all direct-consumption sugar manufactured prior to June 30, 1942. Therefore, either the elimination of those inequalities or the accomplishment of the principal objective of the bill S. 2041 to continue the Sugar Act for a period of years would appear to be desirable. The bill, however, goes beyond continuation of the Sugar Act of 1937 and proposes to modify certain provisions of the legislation in a manner which does not accord with the policies of the Administration.

Those provisions of the bill which would reduce the quotas of neighboring countries, further restrict the importation of refined sugar, and exclude certain types of molasses from entry into the United States are in conflict with our policy of hemispheric cooperation. I believe that adherence to this policy is of the utmost importance for the consolidation of this hemisphere against the forces of aggression and totalitarianism. I am advised that the Secretary of State is furnishing the committee a complete analysis of these conflicts.

The bill also would alter the basic division of our sugar market among the various domestic areas in a manner which would be detrimental to Hawaii and Puerto Rico. Likewise, these areas of the United States which lack the protection of statehood would be treated differently than other domestic areas in the allotment of deficits. The Congress has charged the Department with the promotion of agriculture and of the welfare of farmers in all parts of the United States. The production of sugar is the most important source of farm income in Hawaii and Puerto Rico, areas which are among our most stable and dependable sources of supply. I am opposed to these provisions of the bill because I believe their enactment would be contrary to the principles of government and citizenship upon which this country was founded and which today are being challenged by forces which avow world conquest and the subjugation of minorities.

Certain transitory circumstances connected with the agricultural conditions in several of the sugar producing localities tend to justify an increase in the basic rate of payment to small producers for the 1942 and possibly subsequent crops as a part of an emergency policy. If made permanent, however, such an increase in view of the tax features of the bill would establish a discrimination against California, Florida, Hawaii, Louisiana, and Puerto Rico. It also would place some processors in a more advantageous position than others with respect to acquisition of raw material. I recommend, therefore, that the proposed increase in the basic rate of payment be made operative only so long as the present defense emergency continues. I also recommend that, since the increased payments proposed in the bill are not confined by the proposed scale to the level of production typical of small farms, the committee reexamine it with a view to further limiting its application.

The Department believes that it would be desirable in writing any sugar bill, for the committee to include certain noncontroversial amendments which would be valuable in meeting emergency situations that may arise in this industry as a result of the war effort, as well as in handling certain problems largely of an administrative character. Those proposals include provision for the suspension by executive order of the operation of any title or any section of any title should the continued operation of such provision impede the efficient use of marine and land transportation facilities or otherwise conflict with the national interest. The modifications proposed would also clarify and expand the existing provision with respect to allocations and make it possible to meet the adverse effects which may, in the case of sugar, flow out of the application of certain provisions of the proposed price-control legislation should it be made operative.

During the past few years it has been found that the penalty for employment of child labor, namely, complete forfeiture of the conditional payments, is sometimes excessive. The problem was handled as an emergency by a special amendment which was made retroactive as to certain crops but not made forward in its application. We suggest revision of section 301 (a) so that the payment otherwise due a producer shall be reduced at the rate of \$15 for each instance of noncompliance. A similar problem with respect to compliance with the proportionate share requirement, which was met by a discontinuing amendment in the case of the 1940 crop period, may again arise. It is recommended that a system of reduced payments be substituted in lieu of forfeiture of the total payment in those cases in which the proportionate share acreage or production is exceeded, and that as a complementary feature the phrase "to which proportionate shares determined pursuant to the provisions of subsection (b) of section 302, pertained" be deleted from section 205 (a) of the act and that provision be made for the consideration of inventories in arriving at allotments. It is further suggested that the provisions relative to public hearings with respect to determination of minimum wages and fair prices be made optional in their application. The attached drafts of proposed amendments give effect to the suggestions made above.

The Department recommends enactment of a bill to continue the program provided for under the Sugar Act of 1937 without controversial changes or features which are contrary to the policy of the administration.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

CLAUDE R. WICKARD, *Secretary.*

SUGGESTED AMENDMENTS TO THE SUGAR ACT OF 1937, AS AMENDED

Section 101 (k) to be changed to read as follows:

"(k) The term 'producer' means a person who is the legal owner, at the time of harvest or abandonment, of a portion or all of a crop of sugar beets or sugarcane grown on a farm for the extraction of sugar or liquid sugar, or a person who is entitled to share in the proceeds from the sale of such crop."

* * * * *

Section 204 (b) to be changed to read as follows:

"(b) If the Secretary finds that any foreign country will be unable to market the proration to such country of the quota for foreign countries other than Cuba for the calendar year then current, the Secretary may increase the prorations of other such foreign countries by prorating an amount of sugar equal to the deficit so determined on the basis of the prorations then in effect: *Provided, however*, That the proration for any foreign country other than Cuba shall not be reduced by reason of any determination made pursuant to the provisions of this subsection."

The second sentence of section 205 (a) to be changed to read as follows:

"Allotments shall be made in such manner and in such amounts as to provide a fair, efficient, and equitable distribution of such quota or proration thereof, by taking into consideration processings of sugar or liquid sugar from sugar beets or sugarcane; inventories; the past marketings or importations of each such person; or the ability of such person to market or import sugar."

* * * * *

Section 209 (d) to be changed to read as follows:

"(d) From exceeding allotments of any kind made to them pursuant to the provisions of this act."

* * * * *

Section 301 to be changed to read as follows:

"SEC. 301. The Secretary is authorized to make payments on the following conditions with respect to sugar or liquid sugar commercially recoverable from the sugar beets or sugarcane grown on a farm for the extraction of sugar or liquid sugar:

"(a) That no child under the age of 14 years shall have been employed or permitted to work on the farm, whether for gain to such child or any other person, in the production, cultivation, or harvesting of a crop of sugar beets or sugarcane with respect to which application for payment is made, except a member of the immediate family of a producer with not less than a 40-percent interest in the crop at the time such work was performed; and that no child between the ages of 14 and 16 years shall have been or permitted to do such work, whether for gain to such child or any other person, for a longer period than 8 hours in any 1 day, except a member of the immediate family of a producer with not less than a 40-percent interest in the crop at the time such work was performed: *Provided, however*, That the Secretary is authorized to make payments with respect to the 1940 and subsequent crops, notwithstanding a failure to comply with the provisions of this subsection, but the payments made with respect to any such crop shall be subject to a deduction of \$15 for each child for each such violation.

"(b) That all persons employed on the farm in the production, cultivation, or harvesting of sugar beets or sugarcane with respect to which an application for payment is made shall have been paid in full for all such work, and shall have been paid wages therefor at rates not less than those that may be determined by the Secretary to be fair and reasonable after such inquiry or investigation as the Secretary deems necessary or proper; and in making such determinations the Secretary shall take into consideration the standards therefor formerly established by him under the Agricultural Adjustment Act, as amended, and the differences in conditions among various producing areas: *Provided, however*, That a payment which would be payable except for the foregoing provisions of this subsection may be made, as the Secretary may determine, in such manner that the laborer will receive an amount, insofar as such payment will suffice, equal to the amount of the accrued unpaid wages for such work, and that the producer will receive the remainder, if any, of such payment.

"(c) That the producer on the farm who is also, directly or indirectly, a processor of sugar beets or sugarcane, as may be determined by the Secretary, shall have paid, or contract to pay under either purchase or toll agreements, for any sugar beets or sugarcane grown by other producers and processed by him at rates not less than those that may be determined by the Secretary to be fair and

reasonable after such inquiry or investigation as the Secretary deems necessary or proper.

"(d) That there shall have been carried out on the farm such farming practices in connection with the production of sugarbeets and sugarcane during the year in which the crop was harvested with respect to which a payment is applied for, as the Secretary may determine, pursuant to this subsection, for preserving and improving fertility of the soil and for preventing soil erosion, such practices to be consistent with the reasonable standards of the farming community in which the farm is situated."

* * * * *

Section 302 to be changed to read as follows:

"Sec. 302 (a). The amount of sugar or liquid sugar with respect to which payment may be made shall be the amount of sugar or liquid sugar commercially recoverable, as determined by the Secretary, from the sugar beets or sugarcane grown on the farm and marketed (or processed by the producer) not in excess of the proportionate share (in terms of planted acreage, weight, or recoverable sugar content of sugar beets or sugarcane) for the farm, as determined by the Secretary, of the quantity of sugar beets or sugarcane for the extraction of sugar or liquid sugar required to be processed to enable the producing area in which the crop of sugar beets or sugarcane is grown to meet the quota (and provide a normal carry-over inventory) estimated by the Secretary for such area for the calendar year during which the larger part of the sugar or liquid sugar from such crop normally would be marketed: *Provided, however,* That in computing the amount of sugar or liquid sugar with respect to which payment is authorized, a deduction shall be made from such amount for sugar beets or sugarcane marketed (or processed) in excess of the proportionate share for the farm and used for the production of sugar or liquid sugar to be marketed in, or so as to compete with or otherwise directly affect, interstate or foreign commerce, and such deduction shall be in accordance with the following scale:

That portion of the excess (in terms of percentage of the proportionate share) which is included within the following intervals:	<i>Deduction for each percent of excess (percent)</i>
0 to 10 percent-----	1
10 to 20 percent-----	3
More than 20 percent-----	5

"(b) In determining the proportionate shares with respect to a farm, the Secretary may take into consideration the past production on the farm of sugar beets and sugarcane marketed (or processed) for the extraction of sugar or liquid sugar and the ability to produce such sugar beets or sugarcane, and the Secretary shall, insofar as practicable, protect the interests of new producers and small producers and the interests of producers who are cash tenants, share tenants, adherent planters, or sharecroppers."

* * * * *

Section 509 to be changed to read as follows:

"Sec. 509 (a). Whenever the President finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar, or whenever the President finds and proclaims that the operation of title II or III of the act, or any part thereof, would not be in the public interest, he shall by proclamation suspend such title, or part thereof, which he determines on the basis of such finding should be suspended, and thereafter the operation of any such title, or part thereof, shall continue in suspense until the President finds and proclaims that the facts which occasioned such suspension no longer exist. The Secretary shall make such investigations and reports thereon to the President as may be necessary to aid him in carrying out the provisions of this subsection.

"(b) Notwithstanding any other provision of this act, during the period of a national emergency proclaimed by the President, the Secretary is authorized—

"(1) to consider the ocean shipping and inland transportation situation, including the necessity for economy in the use of freight facilities, and the dietetic needs of consumers, in determining the requirements of consumers under section 201;

"(2) to allocate an amount of sugar equal to any deficit determined under section 204 to any area or areas able to supply such sugar; and

"(3) in order to provide for the efficient distribution of sugar, to allot the total supply of sugar, or any portion thereof, made available under this act, after such inquiry or investigation as the Secretary deems necessary or proper, in such manner and to such extent as the Secretary shall deem necessary or appropriate to protect the interests of consumers. Any person knowingly violating any order or regulation issued pursuant to this paragraph shall, upon conviction, be punished

by a fine of not more than \$5,000 for each such violation and such person shall also be subject to the civil penalties provided in section 506 as to any sugar marketed in violation of any such order or regulation."

* * * * *

Section 513 to be changed to read as follows:

"SEC. 513. The powers vested in the Secretary under this act shall terminate on December 31, 1944, except that the Secretary shall have power to make payments under title III with respect to sugar or liquid sugar commercially recoverable from sugar beets and sugarcane grown on a farm and which shall have been marketed (or processed by the producer) prior to July 1, 1945."

UNITED STATES TARIFF COMMISSION,
Washington, D. C., December 9, 1941.

HON. WALTER F. GEORGE,
Chairman, Senate Committee on Finance,
Washington, D. C.

MY DEAR SENATOR GEORGE: In compliance with your request of November 10, there are enclosed herewith five copies of a memorandum with reference to S. 2041, which proposes to amend the Sugar Act of 1937.

Sincerely yours,

RAYMOND B. STEVENS, *Chairman.*

UNITED STATES TARIFF COMMISSION—MEMORANDUM ON SENATE BILL S. 2041
WITH RESPECT TO SUGAR

S. 2041, which is identical with H. R. 5988 as passed by the House of Representatives on December 1, 1941, consists of eight sections, the provisions of which would amend eight sections or subsections of the Sugar Act of 1937 and one section of the Internal Revenue Code. The substantive amendments relate principally to (1) the establishment and revision of basic sugar quotas for domestic and foreign areas, (2) the redistribution of deficits in area quotas, (3) the portion of the Cuban quota which may enter as direct consumption sugar, (4) the definition of liquid sugar, and (5) the readjustment of conditional payment provisions.

Section 1 of the bill, amending section 202 of the Sugar Act, provides for certain modifications of the bases for establishing initial and revised quotas, in accordance with consumption requirements, for the domestic (continental and insular) areas, the Philippines, Cuba, and for foreign countries other than Cuba. The principal change is the increase in the percentage shares of the total basic quota that would be allotted to the continental areas and the corresponding decrease in the shares for the Philippines, Cuba, and other foreign countries. Thus, for the domestic beet sugar area the share would be increased from 23.19 to 24.12 percent of the total quota, and for the mainland cane sugar area from 6.29 to 6.54 percent. The shares of Hawaii, Puerto Rico, and the Virgin Islands would be practically the same. The aggregate share of the domestic areas would be increased from 55.59 percent of the total quota to 56.77 percent.

On the other hand, the share of the Philippines in the total quota would be decreased from 15.41 to 15 percent, that of Cuba from 28.60 to 27.84 percent, and for all other foreign countries from 0.40 to 0.39 percent. The specified shares of Cuba and other foreign countries might be subject to further decreases by reason of the change in the minimum aggregate quantity assured to the domestic areas. This minimum would be increased under the bill from 3,715,000 to 3,793,802 short tons. The bill continues the provision of the Sugar Act assuring the Philippines an allotment no less than the present duty-free quota.

Table 1 (p. 3) compares the final quotas for 1940 and 1941 (unadjusted for deficits) as established under the Sugar Act with the quotas that would have been established under S. 2041, and the percentage shares for the domestic sugar-producing areas, the Philippines, and for Cuba and other foreign countries.

Section 2 of the bill amends section 204 of the Sugar Act with respect to the redistribution of deficits in the Philippine quota and in the prorations of the quota for foreign countries other than Cuba. As amended, section 204 would consist of four subsections in place of the existing two. There were substantial deficits in the year 1941 on the part of the Philippines, the mainland cane area, Hawaii, and Puerto Rico. Table 2 (p. 4) shows the final quotas for 1941 allocated to each area after adjustments for deficits as provided for in the Sugar Act and the quotas which would have been allocated had S. 2041 been in effect during that year.

TABLE 1.—*Sugar quotas: Final quotas for 1940 and 1941 (unadjusted for deficits) under the Sugar Act of 1937 compared with the quotas that would have been established under S. 2041*

Area	Under Sugar Act of 1937		Under S. 2041	
	1940	1941	1940	1941
Quotas (short tons, raw value)				
Domestic beet sugar.....	1,549,898	2,087,983	1,611,986	2,171,659
Mainland cane sugar.....	420,167	566,038	437,046	588,786
Hawaii.....	938,037	1,263,700	937,828	1,263,437
Puerto Rico.....	797,982	1,075,021	797,837	1,074,841
Virgin Islands.....	8,916	12,012	9,105	12,266
Total, domestic.....	3,715,000	5,004,754	3,793,802	5,110,989
The Philippines.....	982,441	1,387,383	982,441	1,350,519
Cuba.....	1,749,744	2,575,255	1,672,016	2,506,829
Other foreign countries.....	24,177	35,584	23,103	34,639
Total, Philippines and foreign countries.....	2,756,362	3,998,222	2,677,560	3,891,987
Grand total, all areas.....	6,471,362	9,002,976	6,471,362	9,002,976
Percent of total				
Domestic beet sugar.....	23.95	23.19	24.91	24.12
Mainland cane sugar.....	6.49	6.29	6.75	6.54
Hawaii.....	14.50	14.04	14.49	14.03
Puerto Rico.....	12.33	11.94	12.33	11.94
Virgin Islands.....	.14	.13	.14	.14
Total, domestic.....	57.41	55.59	58.62	56.77
The Philippines.....	15.18	15.41	15.18	15.00
Cuba.....	27.04	28.60	25.84	27.84
Other foreign countries.....	.37	.40	.36	.39
Total, Philippines and foreign countries.....	42.59	44.41	41.38	43.23
Grand total, all areas.....	100.00	100.00	100.00	100.00

Source: Quotas under Sugar Act of 1937 by Secretary of Agriculture; quotas under S. 2041 prorated on the basis of proposed amendments.

TABLE 2.—*Sugar quotas: Final quotas for 1941 as adjusted for deficits under the Sugar Act of 1937 compared with the quotas similarly adjusted on the basis of S. 2041*

[Quotas in terms of short tons, raw value]

Area	Sugar Act of 1937		S. 2041		Change in adjusted quotas effected by S. 2041	
	Quotas, adjusted for deficits		Quotas, adjusted for deficits			
	Quantity	Percent of grand total	Quantity	Percent of grand total	Increase	Decrease
Domestic beet sugar	2,230,037	24.77	2,371,895	26.35	141,858	.....
Mainland cane sugar	445,000	4.94	445,000	4.94	.....	.....
Hawaii	993,522	11.04	993,522	11.04	.....	.....
Puerto Rico	1,011,192	11.23	1,011,192	11.23	.....	.....
Virgin Islands	12,829	.14	13,890	.15	1,061	.....
Total, domestic	4,692,580	52.12	4,835,499	3.971	.....	142,919
The Philippines	982,663	10.91	982,663	10.91	.....	.....
Cuba	2,887,429	32.08	3,050,175	33.88	162,746	.....
Other foreign countries	440,304	4.89	134,639	1.50	.....	305,665
Total, Philippines and foreign countries	4,310,396	47.88	4,167,477	46.29	.....	142,919
Grand total, all areas	9,002,976	100.00	9,002,976	100.00	.....	.....

Source: Quotas established under the Sugar Act of 1937 by the Secretary of Agriculture; quotas under S. 2041 prorated on the basis of proposed amendments.

Section 3 of the bill amends section 207 (c) of the Sugar Act by reducing the direct-consumption portion of the annual Cuban quota by one-fifth, that is, from 375,000 short tons to 300,000 short tons, raw value. Both under the Sugar Act and under the bill, this direct-consumption quota of Cuban sugar is included in terms of raw value in whatever quota may be established for the total imports of Cuban sugar.

Section 4 of the bill amends section 304 of the Sugar Act. It provides that the amount of the base rate of conditional payments with respect to sugar or liquid sugar from sugar beets or sugar cane grown in continental United States, Hawaii, and Puerto Rico, be increased from 60 cents to 80 cents per 100 pounds, raw value. Under the existing law, the basic payment of 60 cents on the production of less than 500 short tons scales downward to 30 cents on the production of more than 30,000 short tons. Under the bill, the graduated scale of reductions in payments begins with 350 short tons and continues with seven intervals up to 30,000 short tons. The net effect of the new scale of reductions would be to increase proportionately the rate of payment for producers of up to 3,000 short tons. For those producing more than 3,000 short tons there would be no change in the payment on the excess above 3,000 tons.

Section 5 of the bill amends section 101 (f) of the Sugar Act of 1937. This section defines liquid sugar (sirups and molasses), for quota purposes,¹ as any sugars (exclusive of sirup of cane juice produced from sugar cane grown in continental United States) which are principally not of crystalline structure and which contain soluble nonsugar solids equal to 6 per centum or less of the total soluble solids (hereafter referred to as testing not over 6 percent). The pending amendment, section 5 (a), by substituting 8 per centum for 6 per centum, would include, in the liquid sugar quota, sirups and molasses testing over 6 percent but not over 8 percent. In the Sugar Act of 1937, the imports of liquid sugar are subject to an annual absolute quota of 8,801,452 gallons, of which not in excess of 7,970,558 gallons may come from Cuba and the entire remainder, 830,894 gallons, from the Dominican Republic. In the amendment, the amount of the quota is unchanged, but it would apply to all imports testing not over 8 percent. From foreign countries other than Cuba, imports of liquid sugar (except the quantity assigned to the Dominican Republic under the quota) are permitted, under the existing law and under the bill, only in small amounts (up to 10 tons each), in consumer containers, and for specified minor uses. Neither the quota limitations in the Sugar Act nor in the bill apply to liquid sugar of any origin which is imported for the distillation of alcohol or for livestock feed.

The imports of liquid sugar (sirups and molasses) testing not over 6 percent have consisted almost exclusively of invert sirups made from high-grade raw sugar dissolved in water and treated with acids or other inverting agents in order to change some of the sucrose to invert sugars. These sirups are relatively clear in color and impart little flavor because of their low nonsugar solid content. They are used principally as a sweetening agent by ice cream manufacturers, confectioners, bakers, and at soda fountains. To this extent they are directly competitive with sugar and with the relatively large quantity of liquid sugar made by domestic refiners in the metropolitan areas.

The imports of edible sirups and molasses testing more than 6 percent consist principally of cane sirups from which no sugar has been extracted. These sirups are darker in color and have a distinct flavor. The imported sirups of this type are used chiefly in making blended sirups and molasses for table use or for use by bakers and confectioners in making products where the flavor of the sirups and molasses is desirable. To the extent that these sirups and molasses are colored, flavored, and contain a considerable percentage of mineral salts, they are not a direct substitute for sugar except to a limited extent.

Statistics on United States imports of edible sirups and molasses, segregating those testing not over 6 percent and those testing over 6 percent, have been available only since 1939. Table 3 gives the data for 2 full years, 1939 and 1940, and for the first 6 months of 1940 and 1941. The total sugar content of the imports testing more than 6 percent was approximately 10,038 short tons in 1939, 16,577 short tons in 1940, and 11,892 short tons during the first half of 1941.

¹ Concerning the definition for purposes of the excise and import compensating tax, see p. 10.

TABLE 3.—*Molasses and sugar sirups, n. s. p. f.: United States imports for consumption, by nonsugar solids content, from Cuba and from other countries, 1939, 1940, and first 6 months of 1940 and 1941*

Year	Containing soluble nonsugar solids equal to more than 6 percent of total soluble solids			Containing soluble nonsugar solids equal to 6 percent or less of total soluble solids		
	Quantity	Value	Unit value	Quantity	Value	Unit value
FROM CUBA						
	<i>Gallons</i>		<i>Cents</i>	<i>Gallons</i>		<i>Cents</i>
1939.....	1,300,819	\$88,644	6.8	7,739,106	\$1,257,678	16.3
1940.....	2,834,080	236,454	8.2	7,561,753	1,211,880	16.0
First 6 months—						
1940.....	2,541,141	191,041	7.5	4,336,644	715,644	16.5
1941.....	1,830,329	160,062	8.7	4,152,927	699,348	16.8
FROM COUNTRIES OTHER THAN CUBA						
1939.....	987,027	235,086	23.8	1,536,556	201,251	13.1
1940.....	944,086	263,306	27.9	920,580	137,785	15.0
First 6 months—						
1940.....	475,719	112,358	23.6	¹ 118,102	¹ 47,202	40.0
1941.....	880,189	254,883	29.0	74,167	14,619	19.7
TOTAL, ALL COUNTRIES						
1939.....	2,287,846	323,730	14.2	9,275,662	1,458,929	15.7
1940.....	3,778,166	499,760	13.2	8,482,333	1,349,665	15.9
First 6 months—						
1940.....	3,016,860	303,399	10.1	4,454,746	762,847	17.1
1941.....	2,710,518	414,945	15.3	4,227,094	713,967	16.9

¹ These data are subject to correction.

Source: Official statistics of the U. S. Department of Commerce.

The official import statistics do not show separately the quantity of edible sirups and molasses testing from 6 to 8 percent. In order to estimate the proportion of the total imports falling within this group, the Tariff Commission made an invoice analysis of the entry data of a representative quantity of the imports at New York of sirups and molasses testing over 6 percent. This analysis is assumed to be representative of total United States imports of these types of sirups and molasses, as the entries through the port of New York in 1940 constituted 72 percent of the United States entries through all ports. The entry papers studied covered the period January 1940 through June 1941, and the quantity covered was 2,483,000 gallons. The analysis indicated that for the period covered approximately 82 percent of the imports from all countries through the port of New York of sirups and molasses testing over 6 percent fell within the group testing over 6 percent but not over 8 percent. Of such imports from Barbados, 75 percent fell within these limits, and of the imports from Cuba, 80 percent.

In connection with section 5 (a) of this bill, consideration should be given to the provisions of the trade agreement with the United Kingdom, effective January 1, 1939. Under that agreement, of the total imports of edible molasses and sirups with a nonsugar solid content of more than 6 percent of total soluble solids, an annual global quota of 1,500,000 gallons is entitled to entry at reduced rates of duty. Imports in excess of this quota are subject to the rates of duty in effect before the agreement. This quota has been entirely filled in each of the 3 years, principally by entries of Cuban molasses, the remainder by imports from Barbados and other British West Indies. There were also considerable imports in excess of the tariff quota. Under the bill that part of the imports from Cuba testing over 6 but not over 8 percent would be transferred to the absolute quota for Cuban liquid sugar, but would continue, within the limits of the tariff quota of 1,500,000 gallons, to benefit by the reduced duty (with a preferential reduction of 20 percent). But the liquid sugar testing 6 to 8 percent from the British West Indies would not be permitted entry at all, since the Sugar Act provides no quota for any foreign country other than Cuba and the Dominican Republic.

Section 401 (b) of the Sugar Act of 1937, which is now covered by section 3507 (b) of the Internal Revenue Code, includes in the term "manufactured sugar," which is subject to tax, sugar in liquid form which contains soluble nonsugar solids equal to not more than 6 percent of the total soluble solids, except

sirup of cane juice produced from sugarcane produced in continental United States. Section 5 (b) of the pending bill proposes to modify the definition so as to subject to tax liquid sugar testing not more than 8 percent of nonsugar solids. This provision in the bill would subject to the compensating tax for the first time those imports of edible sirups and molasses testing 6 to 8 percent, which under the bill would also become subject for the first time to the quota for liquid sugar. This, in effect, would provide an additional duty on these imports of 6 to 8 percent test, since similar domestic sirups are exempt from the tax.

In this connection consideration should also be given to the provisions of articles XII and XIV of the trade agreement between the United States and the United Kingdom, effective January 1, 1939. Article XII provides that articles described in schedule IV (the list of concessions made by the United States) shall "be exempt from ordinary customs duties other or higher than those set forth and provided for in the said schedule" and "shall also be exempt from all other duties, taxes, fees, charges, or exactions of any kind, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this agreement or required to be imposed thereafter under laws of the United States of America in force on the day of the signature of this agreement."

Article XIV provides that article XII (as well as other articles referring to concessions by the United Kingdom)—"shall not prevent the imposition at any time on the importation of any article of a charge equivalent to an internal tax imposed in respect of a like domestic article or in respect of a commodity from which the imported article has been produced or manufactured in whole or in part."

Schedule IV of the agreement with the United Kingdom provides for the following reduced rates of duty on imports of molasses and sugar sirups testing more than 6 percent up to an aggregate quantity of 1,500,000 gallons per annum: "If testing not above 48 percent total sugars, $\frac{1}{2}$ cent per gallon; testing above 48 percent total sugars, $1\frac{1}{2}$ cent additional for each percent, etc."

The schedule also provides that imports in excess of 1,500,000 gallons shall not be subject to higher rates than were in effect on the day of the signature to the agreement.

Molasses and sirups imported for industrial purposes are used principally in the manufacture of industrial alcohol and for livestock feed and when so used, are not subject to the quota. However, the import compensating tax is applicable to such molasses and sirups which test not over 6 percent. The proposed amendment would subject a greater proportion of such products to the import tax, by extending its application to all testing not over 8 percent. Consequently, it will become more difficult, if the amendment is enacted, to import molasses for the manufacture of alcohol, for which it is urgently needed at this time for national-defense purposes. Of the entries in 1940 of industrial molasses through the port of Philadelphia, the principal port of entry of such molasses, 27 percent tested between 6 and 8 percent. Under section 5 (b) of the bill, these imports would have been taxable. It may be observed, in this connection, that section 404 (b) of the Sugar Act of 1937, now section 3494 of the Internal Revenue Code, provides for the refunding of the excise tax paid on domestic sirups and molasses (and other "manufactured sugar") upon the use thereof for livestock feed or for the distillation of alcohol. But no such provision is made in the act for refunding the import compensating tax (the equivalent of the excise tax) on sirups and molasses testing not over 6 percent imported for the same purposes. To overcome this handicap, the practice has developed to manipulate such molasses and sirups otherwise testing less than 6 percent by adding, before entry, waste molasses or molasses products high in content of nonsugar solids.

The bill would raise to 8 percent the figure above which the tax does not apply, and thus would require an admixture. If it is desired to preclude the necessity of the manipulation practice, this could be done by amending the present law to provide for the refund of the import compensating tax on such molasses when used for the distillation of alcohol or for livestock feed.

Sections 6, 7, and 8 of the bill relate to the extended duration of the Sugar Act of 1937, continuing its provisions, as amended, in force for an additional 3 years. This would involve changing the specified date in sections 513 and 503 of the Sugar Act and in section 3508 of the Internal Revenue Code.

The CHAIRMAN. Senator O'Mahoney, as the author of S. 2041, do you desire to proceed with the House bill?

Senator O'MAHONEY. Yes, Mr. Chairman, I think that would be the desirable thing to do.

The CHAIRMAN. You may proceed.

Senator GUFFEY. Have we a copy of that bill available.

The CHAIRMAN. That is H. R. 5988.

Senator O'MAHONEY. The two bills are identical.

The CHAIRMAN. May I ask if it is substantially the same bill, Senator O'Mahoney?

Senator O'MAHONEY. The bills are identical.

Senator JOHNSON. Mr. Chairman, may I ask whether this is an executive session?

The CHAIRMAN. Not at this stage, Senator. If any representatives of the departments are called to the stand or desire to appear then we will resolve the session into a strict executive session. Dr. Bernhardt, that is satisfactory to you, I presume?

Mr. BERNHARDT. Yes.

The CHAIRMAN. Senator O'Mahoney, you may proceed.

STATEMENT OF HON. JOSEPH C. O'MAHONEY, UNITED STATES SENATOR FROM WYOMING

Senator O'MAHONEY. Mr. Chairman, I think, as all members of the committee well know, the Senate bill was introduced by the late Senator Adams, Senator Ellender and myself. After the unfortunate death of Senator Adams, who was primarily interested in this problem of sugar development in the United States and who knew more about it than most of us, I and Senator Ellender went to Colorado to the funeral, and during our absence the reports to which you have just alluded were prepared. It was only this morning that Dr. Bernhardt of the Sugar Section advised me that the report was available before this committee. The chairman was good enough to send me a copy of the report filed by the Secretary of the Interior last week, but I have not as yet had an opportunity to examine the report of the Secretary of State, nor the report of the Secretary of Agriculture, and it may be that after I have read those reports and heard what is to be said on behalf of those two departments I might have something additional to add.

It is rather difficult to imagine that there is anything new to be said about sugar legislation, particularly to this committee, the members of which have been familiar with it since the Jones-Costigan bill was first introduced. You all know how perfectly successful this legislation has been, and you all know that we are now confronted by an utterly new situation due to the war. The authors of this bill long ago came to the conclusion that the disturbed state of international affairs made necessary a further development of the culture of sugar beets and sugarcane in the continental United States if the consumers of sugar in the United States were to be protected. We felt that an international war which threatened all of the sea lanes made it almost impossible to imagine that we could obtain in the United States the supplies of sugar upon which we have been dependent in the past from the insular areas. Of course we had no dream of the disaster that was to fall on Hawaii and upon the Philippine Islands, but that disaster only emphasizes the problem that confronts us, and, as I see it, only emphasizes the necessity for the adoption of this legislation, that is to say, if it is our purpose, by legislative action, to protect so far as possible the sugar supply of the people of the United States.

Now, there is another point that I want to call to the attention of this committee. It may seem a little bit far afield at the beginning, but I think it is intimately bound up with the issues here. This war in which we are now involved, this total war, is one which is carried on upon a national and international scale in such a way as to threaten the existence of our customary and habitually local enterprises. Already I have had occasion to call to the attention of the Senate the impact upon small business of national preparedness, and without in any way whatsoever intimating or suggesting that there should be any hesitation whatever in all-out preparedness for defense, and now for attack, I have pointed out that when this war is over, if little business is destroyed we shall have a terrible time restoring the system of free enterprise to which the country is wedded.

Now, this problem of agricultural production is a part of that problem. For a generation we have been building up the cultivation of sugar beets and sugarcane in continental United States particularly sugar beets because we came to the conclusion as a national policy long ago that sugar beets should be cultivated in order to develop a local supply, so as to protect our consumers when insular supplies were cut off.

Now, these farmers of sugar beets, these growers of sugarcane within the continental United States are now operating, they are now self-supporting units. They are now capable of paying taxes; they are now capable of making their contribution by the payment of taxes and the growing of sugar to the national defense, but if by a policy which emphasizes theoretical concessions to other areas we make it impossible for those people to produce their sugar beets and sugarcane or seriously impede them, then by that very act we destroy their self-supporting capacity, and we cut off their ability to make contributions to the revenue of the United States which is so necessary.

We all know that there has been a tremendous concentration of industrial effort. Last March I stood on the floor of the Senate filing the report of the T. N. E. C. and pointing out the fact that industrial concentration had taken place to such a degree that less than 10 percent of the States had more than 90 percent of the industrial production. The result of that has been that the population is being withdrawn from States like Colorado and Wyoming, Montana and Utah, and other States which are not equipped to take part in industrial production, and those States are thereby being stripped of what I call their local economic independence.

Now, if we are to add to that, Mr. Chairman, the destruction of the beet-growing industry in those areas it takes no argument upon my part to show you that there will be only a shell left.

I can see no reason for opposing the request which we make here, that this bill, this law, which everybody recognizes has been one of the most successful laws upon the statute books, one of the most successful attempts to deal with a very complicated agricultural problem, that this bill should be continued and that there should be embodied in it certain amendments which those of us who have been following the problem deem to be very essential. If we do not do this, Mr. Chairman, what is the alternative? The alternative is that we shall be dependent upon insular areas for our sugar. Our sugar farmers will not be able to produce what they can produce. Their economic status will be impaired, and then we shall be attempt-

ing to cultivate the development of the sugar industry in other areas which may not be able to supply it to us.

Now, Mr. Chairman, which are proposed in this bill I think ought to be clearly understood. There is the first amendment, one to which the greatest attention probably has been devoted in the press, that which deals with the basic quotas. Now, the sugar law has been so well drawn that the quotas depend upon the estimate of consumption made by the Secretary of Agriculture. The purpose of requiring an estimate of consumption as the basis of determining the quotas was to provide protection for the consumer so that there would always be a sufficient supply of sugar for the demand in the United States, that all those areas producing sugar would be permitted to bring it in, and the former Secretary of Agriculture in many of his statements pointed out that the reason that the processing tax which supports this legislation is not a burden upon the consumer is that the supply is kept in constant harmony with the demand. The price of any commodity is dependent upon supply and demand, and therefore, when under this law the supply is constant through the estimate of consumption the tax which finances the legislation does not constitute a burden upon the consumer. I shall not refer to the particular section. It is what was known as the La Follette amendment, requiring the Secretary to make his estimates in such a fashion that a constant per capita supply should be kept up.

Now, then, in the present crisis the Secretary has taken full advantage of that, and the estimate of consumption, the withdrawal of all the marketing quotas, has been such that every sugar-producing area, insular or otherwise, which can bring sugar into the United States is free to bring in every pound it can bring in. Cuba can bring in all the sugar it produces. The Philippines, Hawaii, the Virgin Islands, Puerto Rico, and all the rest can bring in all the sugar they produce. There is no limitation, and the quota does not constitute a limitation. The quota, Mr. Chairman, is a cushion upon which this industry may fall back when, please God, this emergency is over. The quotas established in this bill passed by the House do not restrain the importation of sugar from any area. The bill merely provides that when the emergency is past and the time is again upon us when there will be a world surplus of sugar we shall protect our domestic supply by this cushion which provides only a 4-percent increase over that which we formerly had.

Now, then, another amendment is that which provides for an increase of the benefit payments, so-called, the basic rate increase, so-called, from 60 to 80 cents, but the greatest care was observed in drawing that provision. The purpose was, Mr. Chairman, to guarantee to the small producer, the family-sized farm, that he would be able, if he increased his production of sugarcane or sugar beets, to meet the increased costs which unfortunate events are bringing upon him.

I am not the author for the statement that there has been an increased cost. The marketing service of the Department of Agriculture has given out its formal report that the cost of cultivating sugar beets today is more than 20 percent greater than it was at the time that the parity price of sugar was computed. So, Mr. Chairman, if it is desired, as it seems to me it ought to be desired, that we use our own facilities for the production of our own sugar to supply to

our own consumers here in the United States, then certainly we should make it possible for the small producer of sugar beets and sugarcane to come to the aid of the consumer.

Now, the schedule of payments was carefully cut down, carefully scaled down, so as to avoid, as far as possible, any danger of increased payments to the large producers of sugar.

Now, let me again emphasize the fact that the revenue derived from this law—now about \$80,000,000 this year, I think—is more than sufficient to pay for all of the benefit payments and all the cost of operation. The cost of administration, as I recall, is estimated at about \$48,000,000 or \$49,000,000 less than that. The normal revenue was over \$60,000,000, but owing to the great increase in sugar consumption during the past year the revenue, as I say, this year will be about \$80,000,000.

Senator DANAHER. What would be the effect, Senator, if the base rate of benefit payments were decreased from 60 to 40 cents?

Senator O'MAHONEY. It would make it utterly impossible, completely impossible, for the sugar farmer to operate.

Senator DANAHER. I expected that answer.

Senator O'MAHONEY. Let me say this, Senator, that one of the basic principles in this act was to increase the wages of the workers in the sugar industry, particularly those upon the farms, and to abolish child labor. The producers of sugar in the South and in the West, the producers of sugar in Hawaii and in Puerto Rico, in all of the areas under our flag, were very glad to cooperate in that respect, and they did cooperate, and the costs were thereby increased.

Senator DANAHER. My next question is: If the increase in the base rate from 60 to 80 cents will not be a burden on consumers, on whom will it be a burden?

Senator O'MAHONEY. I am glad that you asked that question because it opens up another one of the very interesting phases of our very complicated economic life.

Senator DANAHER. Well, it is fundamental in this bill.

Senator O'MAHONEY. It is fundamental, Senator.

The processing industry, both the refining of cane sugar and the processing of beet sugar is a concentrated industry. It is carried on by industrial corporations, and the industrial corporations, the big refineries on the east coast, the big processors in the Rocky Mountain region and in the Middle West, because they are able to work upon a national scale; have always been able to make a better profit out of the industry than the farmer has been making.

The processing tax has been a mechanism whereby the profits have, as it were, been divided. The processing tax is paid by the processor, because the prices control. It is not paid by the consumer. Witness the fact that the price of sugar today, even in this crisis and before the ceiling was placed by the O. P. M., the price of sugar is far lower in the United States than it had been during the crisis of the last World War. Then, the price of sugar, with no processing tax, with no sugar bill, with the United States dependent upon the insular areas, went up to 7, 8, and finally immediately after the war to more than 20 cents a pound.

Senator DAVIS. What is the price of sugar now?

Senator O'MAHONEY. A little over 5 cents. The retail price here is 5.2 cents, is it not, Dr. Bernhardt?

Mr. BERNHARDT. Six cents in the United States.

Senator O'MAHONEY. The retail price?

Mr. BERNHARDT. 6.0.

Senator DAVIS. When I last looked into the wages of the beet-sugar workers they were very low. Have they been increased in the last year?

Senator O'MAHONEY. Yes, indeed. They have been increased by the action of the Sugar Section.

Senator DAVIS. Have you got a schedule of the wages paid now?

Senator O'MAHONEY. No; I do not have that here. But it is available.

Senator DAVIS. I wonder if you can put that into the record?

Senator O'MAHONEY. Dr. Bernhardt, will you see that it is taken care of?

Mr. BERNHARDT. Yes.

Senator DANAHER. Senator O'Mahoney, I believe you have not concluded on this point.

Senator O'MAHONEY. I was going to say the result on this mechanism is that the sugar industry in itself pays the tax. The processor by and large pays half of it, and the producer pays half of it. The benefit payment is a mechanism, as I say, whereby there is a transfer of a portion of the income received through the processor to the farmer.

Senator DANAHER. Do you recall that some months ago the Senator from Virginia, Mr. Byrd, offered for the record a list of payments that had been made to large industrial sugar operators?

Senator O'MAHONEY. Yes.

Senator DANAHER. That list ran for two or three pages and included only payments at \$10,000, or more.

Senator O'MAHONEY. That is right.

Senator DANAHER. And to some such producers or industrial operators there were payments of over \$400,000.

Senator O'MAHONEY. I would not say "some," I would say to a few. Now, it would be possible—and I shall endeavor to do that, but I cannot do it at the moment—to show the tax that was paid by those very same units.

Senator DANAHER. If you increase the base rate, the payments back to such organizations would increase pro rata even though there was a division with the producer.

Senator O'MAHONEY. As I say, the scale-down here, the new scale-down is much more drastic than that in the present law and was drafted for the purpose of meeting exactly that situation. If the Senator will look at page 6 of the bill before him he will see that the proposed increase here from 60 to 80 cents, the total proposed increase is received only by those who produce less than 350 tons of sugar. Beginning at 350, from 350 to 700 tons, there is a scale-down of 5 cents, and so it goes on by ready stages until those who produce over 30,000 tons have a scale-down of 50 cents.

Senator DANAHER. One other question and I shall have rested—in peace, I hope. As I recall it, it was in June of this year that O. P. M. fixed a ceiling of 3½ cents on sugar.

Senator O'MAHONEY. Yes. That was the raw value.

Senator DANAHER. If there be price control which would freeze that price would there be a conflict between any such ceiling and the effect of this bill?

Senator O'MAHONEY. No; I do not think so. I think ceiling would only emphasize the effect of the bill by controlling the price of sugar. Now, understand we have no objection to controlling the price of sugar. We have felt that, because of the very large amounts of sugar which were coming in before the crisis exactly developed, the price of sugar was lower than it should have been. It had gone down to considerably less than 5 cents a pound paid by the consumer at retail, and as a result, the producer, the farmer, felt that in his contract with the processor, which was tied to the returns, don't you see, that the processor gets—he was not receiving as great a price as he should receive.

Senator DANAHER. Thank you.

Senator BARKLEY. May I ask you in what respect this bill differs from the present law?

Senator O'MAHONEY. Senator Barkley, I was just saying that probably just before you came in. In the first place, the bill extends the law for 3 years. It expires now on the 31st of December. In the second place, it increases the minimum continental quota by about 4 percent, and, as I pointed out, that quota does not become effective until the consumption estimates are restored. Under present conditions every area may send into the United States as much as it can produce. Now, this 4-percent increase is taken principally from Cuba.

Senator BARKLEY. That is the point that I wanted to get your reaction to.

Senator VANDENBERG. It does not affect them at the moment.

Senator O'MAHONEY. That is the point.

Senator BARKLEY. We are in a different situation now, internationally speaking. Cuba having just declared against Japan, lining herself up with us in this fight, what psychological effect will this bill, reducing the quota, have on Cuba?

Senator O'MAHONEY. The point, Senator, is that it does not affect the present status of Cuba at all.

Senator CLARK. It does not quite affect the present status of Cuba at all, but it would seem to me to be a very unfortunate time to more or less slap Cuba in the face the day after they declare war. I intended to vote for this bill before the war situation.

Senator O'MAHONEY. I do not think anybody supporting this bill would want to slap Cuba in the face, and I do not think this bill does slap Cuba in the face, because the fact is that Cuba, if this bill should become a law tomorrow, may continue to send in all that it is now sending in.

Senator BARKLEY. It may do that during the life of the act?

Senator O'MAHONEY. As long as the estimate of consumption is where it stands.

Senator BARKLEY. If the estimate of consumption comes down again, there would have to be a reshift of the quota and then Cuba would lose in proportion as the continental United States, is that true?

Senator O'MAHONEY. That is about 52,000 tons, as I recall.

Senator GUFFEY. Is that a reduction of refined sugar?

Senator O'MAHONEY. There is a reduction of 75,000 tons in the amount of refined sugar that Cuba may send into the United States, but that does not affect its total quota. It may send that 75,000 tons in in raw sugar. It is merely a transfer of refined to raw.

Senator BARKLEY. In addition to that possible increase in the domestic quota there is an increase from 60 to 80 cents in the provision here that you referred to a moment ago?

Senator O'MAHONEY. That is right, to meet the increased cost.

Senator BARKLEY. Are those the only changes under the present law?

Senator O'MAHONEY. There is a reallocation of the Philippine deficit, and then there was an amendment which deals with the definition of liquid sugar. There is a redefinition of liquid sugar. This new definition was prepared for the reason that we were advised that, under the present definition, a considerable quantity of sugar is coming into the United States in liquid form without being subject to the quota and without being subject to a tax. Now, I may say that this morning I learned from authoritative sources that perhaps this definition is not as accurate as it might be. I hoped that it was. I have no desire, and I am sure nobody who supports the bill has any desire, or any proponent of the bill, to do more than was intended, that is to say, to make certain that all sugar which comes into the United States is under the operation of the law, and I am going to look into that matter further.

Senator BARKLEY. You spoke of the Philippine deficit. What effect does this bill have upon that? Is there any reshifting or reallocation of that deficit?

Senator O'MAHONEY. Yes; there is a reshifting of that deficit.

Senator VANDENBERG. It still leaves a maximum permission there, does it not, equal to all the sugar these areas ever sent us?

Senator O'MAHONEY. That is my understanding. Under the present law the deficit of Philippine sugar goes only to foreign countries other than Cuba. This provision is to the effect that the domestic beet area and the mainland cane area shall receive proportionately any deficit of duty-free refined sugar from the Philippines. Then the first 100,000 tons of the remainder of any deficit would go to foreign countries other than Cuba, and the balance would be distributed proportionately to Hawaii, Puerto Rico, the Virgin Islands, and Cuba.

Senator VANDENBERG. Now let me ask you this question: Does not that 100,000 equal the maximum sugar that ever came to us in any one year from all of these areas?

Senator O'MAHONEY. That is my understanding. There was no intention to cut off or to cut down below the normal import from those areas.

Senator BARKLEY. Under the arrangement Cuba is eliminated from participation in the first 100,000; is that true?

Senator O'MAHONEY. Under the present law Cuba may not participate at all.

Senator BARKLEY. That is what I understand. I mean under the rearrangement, as I understand it, the first 100,000 is allocated to countries other than Cuba.

Senator O'MAHONEY. That is right.

Senator BARKLEY. Above that there is an allocation to certain countries including Cuba.

Senator O'MAHONEY. That is the next deficit. The first deficit of duty-free refined sugar goes to the continental areas, beet and cane. Then, secondly, the first 100,000 tons of the remainder of any deficit may go to foreign countries other than Cuba. That was following the

present law. The balance, that is, all after that 100,000 tons, would be distributed proportionately to Hawaii, Puerto Rico, the Virgin Islands, and Cuba.

Senator BARKLEY. So that Cuba and the Virgin Islands come in the third category?

Senator O'MAHONEY. That is right.

Senator VANDENBERG. Is not that a gain for Cuba?

Senator O'MAHONEY. As I see it, it certainly is, because there is likely to be a much greater deficit now than we imagine.

Senator TAFT. What is the allocation of the Philippine duty-free quota for the refined and unrefined sugar?

Senator O'MAHONEY. Dr. Bernhardt, may I ask you for those figures?

Mr. BERNHARDT. There is approximately 50,000 tons of refined sugar coming in from the Philippines. That is covered apparently by the first clause. If that would be divided, that quantity would be divided as between beet and cane areas.

Senator TAFT. Then there are 800,000 or 900,000 tons of raw sugar?

Mr. BERNHARDT. The quota is equivalent to about 982,000 short tons.

Senator TAFT. So that this provision would give 50,000 tons—

Senator O'MAHONEY (interposing). To the domestic beet and cane areas.

Senator TAFT. Unless there was a complete deficit. Why would there be any deficit in refined sugar at all? Why would not they ship all the refined sugar then can first?

Senator O'MAHONEY. As a matter of fact, the Philippines have not been shipping their dutiable sugar. They are not anxious to ship that. They want to ship the duty-free sugar. The quota to which Dr. Bernhardt referred is the quota which does not pay any duty.

Mr. BERNHARDT. I beg your pardon. The 50,000 tons is the duty-free.

Senator O'MAHONEY. That is what I say. I meant the 800,000.

Senator TAFT. Why would there be any deficit in that? I should think if there was any deficit, if there was a shortage, they would cut down on the raw sugar rather than the refined, so they could refine it themselves.

Senator O'MAHONEY. They do cut down on the dutiable refined.

Senator TAFT. I understand that.

Senator O'MAHONEY. This provision does not affect any sugar which is duty-free.

Senator TAFT. Yes; the maximum, as I understand it, would be 50,000 tons that might go to the beet and cane areas.

Senator O'MAHONEY. That is right.

Senator TAFT. Why would there be any shortage in the refined as opposed to the raw? Why would any shortage be in the raw sugar?

Senator O'MAHONEY. I am frank to say to you I have never investigated the motives that have actuated the Philippines in their conduct of this business.

Senator TAFT. I understand it as to the dutiable sugar, but I am wondering why they do not ship duty-free refined sugar first and use this quota up so there is no quota to realloit, even under the terms of this bill.

Senator O'MAHONEY. This is the fact: If they do not ship, then we do not get it.

Senator TAFT. Now let me ask you one other question. Supposing that there is no Philippine shipment, there are no Philippine shipments at all—and I do not believe there will be any Philippine shipments for the next year—now, why cannot it be taken care of? Why cannot some part of that quota be allotted directly to the domestic areas instead of taking it away from Cuba? In fact, in order to get enough sugar, are not we going to have to increase the quotas for this year, 1942?

Senator O'MAHONEY. Of course I am talking about a bill that was drafted before the present condition developed on Sunday last. What you say is absolutely correct. The probability is that we will have a much greater deficit than was anticipated.

Senator TAFT. Then the entire deficit will go outside the United States? I mean, outside of the continental United States.

Senator O'MAHONEY. I can see that it might be desirable to make a further amendment of this provision. I can conceive that it might even be changed so that a part of this deficit, this Philippine deficit should go to Cuba and other foreign countries.

It would not be possible, under the present law, but the fact that confronts us is that the present law expires on the 31st of December, and I am anxious that we pass a law as rapidly as we can with as little change from the House bill as possible. It should be borne in mind that this bill, which is now before this committee was passed by more than a two-thirds vote of those who were present and voting in the House.

Senator BARKLEY. On what date did it pass the House?

Senator O'MAHONEY. On the 1st of December.

Senator BARKLEY. Yes. So the situation which we now face had not developed then.

Senator O'MAHONEY. That is right.

Senator BARKLEY. And if we should make any changes, as appear to be justified here under the new situation, likely the House would concur.

Senator O'MAHONEY. Well, I am very glad to have the leader say that. My hope would be that it would.

Senator BARKLEY. I am asking the Senator if he did not think the likelihood would be that it would concur?

Senator O'MAHONEY. I would like to have his opinion rather than mine.

Senator BARKLEY. I am not expressing an opinion; I am expressing a hope.

Senator O'MAHONEY. I share the Senator's hope.

Senator GUFFEY. He is a tobacco expert, not a sugar expert.

Senator VANDENBERG. He is a hope expert.

Senator O'MAHONEY. Now, Mr. Chairman, I do not want to burden the committee.

I think I have covered this subject generally, and to some extent, specifically, and, as I said, in opening, until I have read the statement of the Department of State, and of the Department of Agriculture, I do not know that there is anything more that I could say that would not be repetition.

The CHAIRMAN. Senator Johnson, did you wish to make a statement at this time?

Senator JOHNSON. I do not care to make a statement at this time.
The CHAIRMAN. Senator Pepper, did you wish to appear at this time?

Senator PEPPER. Senator, do you care to make any announcement? I have not seen the reports from the departments.

Do you care to make any announcement as to the substance of those reports?

The CHAIRMAN. They have been put in the record, Senator.

The reports are adverse from the Secretary of State and the Secretary of the Interior. They raise much the same questions as have heretofore been raised, with some additions.

The Department of Agriculture—the Secretary of Agriculture has made some suggested amendments and has concurred in the Secretary of State's objections substantially.

Senator GUFFEY. What dates were those reports written?

The CHAIRMAN. The Secretary of Agriculture reported on December 9; the Secretary of the Interior on December 5; and the Secretary of State sent over his report yesterday, the 9th.

Senator GUFFEY. Was it written before Sunday, do you think?

The CHAIRMAN. It is dated since Sunday, dated yesterday.

Senator VANDENBERG. The departments were all adverse in their reports to the House and the House concluded, in its wisdom, that the opposition at that time was unwarranted.

The CHAIRMAN. All right, Senator Pepper.

STATEMENT OF HON. CLAUDE PEPPER, UNITED STATES SENATOR FROM FLORIDA

Senator PEPPER. Mr. Chairman, and members of the committee, all of us realize that considerable benefits, particularly to the sugar industry, both the refiners and producers have been derived from the sugar legislation which began in 1934 with the Jones-Costigan Act.

There has been one unhappy aspect about this sugar-control legislation, however, particularly as respects States like Florida which were late in coming into the picture as sugar producers.

The quota system is based in principle upon the historical base, which means that the system was relatively frozen as it existed at the beginning of the sugar legislation, which was in 1934.

Well, now, at that time, our State had just gotten into production. It had one company which was in production in the Everglades of Florida, which had gone into a reorganization after earlier efforts to produce and to refine sugar, after a rather lengthy series of experiments in the right kind of cane and best method of production and the like.

So that, ever since that time, in spite of the fact that probably Florida is as uniquely fitted for the production of sugar, insofar as available acreage and the adaptability of that acreage for sugar production is concerned, as any State in the Union.

Senator CLARK. They say about Florida, that Florida could produce all the sugar needed in the United States.

Senator PEPPER. That is substantially true. We have hundreds of thousands of acres of land where sugarcane grows as high as 18 feet, sometimes 20 feet high, where they have worked out the kinds of sugarcane which are ideally adapted to the soil.

Consequently, here is an area which climatically and in respect to its soil is uniquely fitted for the production of sugarcane, and yet by reason of the sugar quota system, practically freezing the situation as it existed when this legislation was inaugurated, our ability to expand has been thwarted.

Now then, the existing sugar legislation provides in case of emergency, and so forth, the quota system may be lifted by Executive order, and that has been done, so that, at the present time, there is no quota system.

If I understand correctly the effect of the Executive order, there is no restraint against either the production of sugarcane on the farmer, or the refinement of sugar on the mill.

Senator TAFT. No limitation on acreage?

Senator PEPPER. No limitation on acreage, and if I am not incorrect, Senator, in my understanding, there is no existing limitation upon marketable sugar.

In other words, if you could get the materials from the priorities authorities, you could go and build another sugar mill in Florida for the first time.

Senator TAFT. Or in Ohio?

Senator PEPPER. Or in Ohio, or any other State, of course, and you could go out and put additional acreage into production if you cared to do so.

Now here is the position in which we find ourselves, which I want to lay before the committee. I feel it is my duty to do it as the Senator from Florida.

It is recognized now that in order to meet the existing emergency all of our domestic areas, as the Senator from Ohio indicated a moment ago, should go into increased sugar production, and even perhaps into increased sugar refining.

Now then, everybody is doing that, not only with lawful authority but with acknowledged merit in their course. It is desirable, in the public interest, that they do it.

Now, those people who have come into the picture recently under this Executive Order which removed the quota system, or who shall come in between now and any subsequent restrictive legislation, I submit are just as bona fide sugar producers and sugar refiners as anybody else.

If you reenact this law, which on its own terms expires on December 31, if you reenact that law and reimpose the sugar quotas they will eventually go back into effect when the emergency is over and freeze the system back into what it was prior to the time of the lifting of these restrictions by executive order, so that all these people who have, in good faith and with merit in their course, come into production, or into the refining of sugar under existing situations and conditions, will be squeezed out, will be frozen out of the picture.

They will have to plow up their acreage and will have to stop their mills for they cannot sell the sugar that is refined in them.

Now, I realize that those who are engaged in the production of sugar with some reason, could say, "Well, there will be chaos in the sugar industry in that subsequent day when the emergency shall pass."

If we do not have some orderly arrangement about quotas, both in production and in refining of sugar, the price of sugar will drop

below the cost of production, and there will be confusion in the industry.

Now, I respectfully, Mr. Chairman and members of the committee, submit this:

We are perfectly willing to vest in the Secretary of Agriculture, or anybody else that the Congress might see fit to vest that power in, the power to impose quotas and to bring order and orderliness to the industry, but I do believe that it is fair for the quotas that might be imposed at that time to be imposed in view of the production at that time, the situation as it then exists rather than the situation as it existed prior to the time of the Executive order lifting the quotas imposed under existing law.

In that way, you will be dealing with the realities of the situation, and that these newer arrivals on the scene who, by that unhappy time, or happy time, may have been in the production of sugar for years for all we know, they will be treated with as much consideration and will be entitled to as much consideration as anybody else.

In other words, we all know that one of the rather unsalutary effects of the quota system is that it in substance, gives a certificate of public convenience and necessity to a producer or refiner to produce or refine sugar, and we give, in substance, a monopoly to that particular class of our people to engage in that particular kind of production.

Now, it is a pretty severe restraint to tell a person that he cannot grow sugarcane on his own land, and that he cannot refine the output of his own factory. None of us want to impose those restraints, except in response to an imperative command of the public interest.

Senator VANDENBERG. Do not we do that in connection with all acts of Congress?

Senator PEPPER. We do.

Senator CLARK. In connection with wheat, cotton, and everything else.

Senator PEPPER. I realize that, but I say none of us want to do it. I am sure the Senator will agree, except in response to the imperative command of the public interest.

Suppose now we were reenacting other systems and everybody that might begin to grow corn, let us say, for the next 5 years, would not get the right to continue to grow corn at the end of the 5 years but will be squeezed out and corn production limited to those who were growing corn 6 months ago?

Not because I am not sensible, Mr. Chairman, to the desire of the industry to keep up production, but if the quota that formerly existed is to be preserved in the extended law, from Florida's standpoint and from the viewpoint of all those who are directly interested, whether in Nebraska or anywhere else—we heard Senator Norris speak about the new areas out there that are coming into production by irrigation, that want to come into the sugar production picture—I say on behalf of all those new producers, new refiners, that come into the picture, if we have another quota system it ought to be based upon production and refining as it exists at the time the quota system is imposed, which is not possible if you renew this law in the terms in which it now exists.

Senator VANDENBERG. We had better give you notice now as to why the enactment of the law is proposed, had we not, if we are not going to do that?

Senator PEPPER. If we are not going to do that. Of course everybody that meets the national emergency now about production will be saying, "While my neighbor over here who got into production a few years ago can continue to produce, but I, who am coming up now to meet the national need, I am going to be squeezed out." Senator, I am not quite sure that we have the right to squeeze out one of those fellows who comes into production under lawful and encouraging circumstances and give a vested right to the other fellow, his neighbor, to continue to produce. Why is 1934 such a magical year that it forever fixes everybody's status and you cannot possibly get out of it hereafter?

Senator VANDENBERG. Is not that the indictment against the entire agricultural control?

Senator PEPPER. I do not think it necessarily is. I am not opposing the quota system, Senator, but I am simply pointing out that we freeze the existing situation in 1934 relatively. Now, I do not think 1934 ought forever to be considered the criterion. I see no reason why 1941, or 1943, or 1945 might not be considered, at least the Secretary of Agriculture might not be given discretion to take into consideration the picture as it then exists.

In Florida, for example, we have got this situation—and this is a statement that has been verified at the Department—approximately 85 percent of the sugarcane production of Florida is attributable to one firm, the United States Sugar Corporation, while 40 producers account for the remaining 15 percent.

Now, I said at one time here in this committee that I did not favor monopoly in my State any more than I favored it in any other State in the Union. Now, this one corporation started in the production of sugarcane in Florida. I attended the opening of its first mill in 1929. It got under way. It was able to experiment on a large scale and it had capital which was largely supplied by industrialists. One of the big corporations, the General Motors Corporation, is one of the principal stockholders in this company. Very few of them are Florida people. They have come in and established a great business, and I am proud for them, we want to encourage it, but the way this sugar bill operates in Florida, they are in fact granted a relative monopoly in the production and refinement of sugarcane in our State. That is not fair to the rest of the people of the State. As it exists now, the more quota we get they keep on getting 85 percent of it. Last year, for example—the figures have been slightly changed but the percentages I do not think are changed—Florida had 24,000 acres. That was its acreage quota. The United States Sugar Corporation had 20,000 of those acres. Another corporation called Fellsmeier had 3,000 acres, while the other farmers, the actual owners of the soil, the actual farmers in the Everglades altogether had 1,000 acres.

Now, they have got a tract of land in the Everglades where they have got 5,000 acres for the tenant farmers that they have put on there, the underprivileged farmers, and they want those people—I have talked to them about it—they want them to grow a little cane, and under the existing law they cannot grow but 5 acres; I say if the Farm Security Administration wants to build another sugar mill and let these fellows market their production, they ought to have a chance to do it and not say to every citizen of Florida forever, "Because you were not producing in 1934, you will never be able to get into this

picture"; that is the reason it comes very acutely home to the majority of our people.

Senator TAFT. Mr. Chairman, may I ask before the Senator ends, whether the departments are opposed to any reenactment, or do they want the law reenacted exactly as it was? What is the position of the Department of Agriculture? Do they want to reenact the law exactly as it was, or do they want to leave it wide open for the present?

The CHAIRMAN. Senator O'Mahoney has the report there.

Senator O'MAHONEY. I was just reading the report of the Secretary of Agriculture. I gather from this that the Secretary of Agriculture is not opposed to the continuance of the law as it is. I have not finished the whole letter. It has proposed certain administration amendments which I have not had an opportunity to read as yet, and then argues that the Department of Agriculture desires to continue a sugar act.

Senator PEPPER. I say, Mr. Chairman, and members of the committee, if the bill is to be reenacted—and I have no objection to it except what I have said here—at least then, so far as the status is concerned in any of those areas, I submit there ought to be a discretion in the Secretary to allot the acreage within a State if not within an area, so that fairness may be done to these new people who have come into the picture to meet the needs of the national emergency.

Now, one of the Congressmen from my State, Congressman Peterson, has suggested to me a couple of amendments which I would like to leave with the committee.

The first one says:

Section 301 of the Sugar Act of 1937 is amended by adding to section 301 at the end thereof the following:

"Provided, That in order that no regulation or determination may be made hereunder which would result in the plowing out or destruction of sugarbeets or sugarcane now planted, the proportionate share for each farm shall not be less than the acreage planted to sugar beets or sugar cane on the date this amendment becomes effective."

That would simply mean that no future quota limitation may reduce any quota below what it is now, or at the time this bill might be enacted. The other amendment is:

Section 301 of the Sugar Act of 1937 is amended by adding to section 301 at the end thereof the following:

"Provided, That nothing herein contained shall permit the Secretary to fix the proportionate share for any farm at less than the acreage planted to sugarbeets or sugarcane at the date this amendment becomes effective."

Senator VANDENBERG. How would those amendments help you if you are going to freeze the thing on the basis of now?

Senator PEPPER. They do not really solve the problem, Senator. I was getting to the heart of it.

Senator VANDENBERG. They do not reach your problem at all.

Senator PEPPER. No; they do not.

Senator TAFT. They do not reach sugar beets, because there are no sugar beets planted in Florida.

Senator PEPPER. Dr. Bernhardt, when was the Executive order made? About a month ago, was it not?

Mr. BERNHARDT. About a month ago the Secretary of Agriculture announced there would probably be no limitation on the 1942 crop.

Senator PEPPER. Then, there was removal of restrictions last year for a while.

Mr. BERNHARDT. That was by Executive order in 1939, at the outbreak of the war. That was by Presidential order. The present situation, however, arises from the fact that the 1942 crop would, of course, be unrestricted in any event, if there is no legislation, and if there should be legislation in the form in which it is now the provisions of that act would require no limitation. That has not been by Executive decree, it automatically follows from the language of the act as it now stands or the probable continuance of the act.

Senator PEPPER. I think what Mr. Peterson was getting at was this: For example, I think the sugar company in Florida has probably planted, due to the advantage of one of these Executive orders, that of the President or that of the Secretary, has planted perhaps more than it technically might be allowed under the quota system and it would have some advantage by not being required to plow up the planting that it so far had made. I have no quarrel with that. If it is a fair principle I commend it.

Mr. Chairman, do you think the committee is likely to pass on this matter finally this morning?

The CHAIRMAN. I do not think so. There are several witnesses here.

Senator PEPPER. I would like to ask leave, Mr. Chairman, to submit a couple of amendments to the committee for consideration. The first amendment, in substance, would be that the Sugar bill shall be reenacted but there shall be a discretion fairly vested in the Secretary of Agriculture to make such adjustment in the quotas as now exist in the law as might be fair to the situation as it should exist when the quota system is actually reimposed.

That is perhaps cumbrously stated, but that is the substance of it.

The CHAIRMAN. You may prepare an amendment.

Senator PEPPER. The second amendment I would like to suggest and leave with the committee later in true form is this:

That at least not more than three-fourths—and I shall suggest not more than one-half—of the total quota of any one State shall be had and enjoyed by any one person, firm, association, or corporation if there are other bona fide citizens who are ready, willing, able, and desirous of enjoying the quota advantage.

The CHAIRMAN. You may prepare the amendments.

Senator PEPPER. I will prepare them.

(The amendments referred to are as follows:)

Mr. Pepper of Florida offered the following amendments to H. R. 5988:

Insert at the end of section 1:

“Provided, however, That the Secretary shall be authorized to so redistribute the amount of sugar needed to meet the requirements of consumers so as to give effect to any modifications or changes in production facilities which may come into existence during the period covering this act in the respective areas: Provided, further, however, That the modifications to be made by the Secretary in such case shall not exceed one per centum of total consumption requirements.”

To amend section 302 (b) by dropping off the period replacing it by a colon and adding the following proviso:

“Provided, however, That the proportionate share for any farm shall not exceed 50 per centum of the total proportionate shares for all farms within a State, so long as there are applicants for proportionate shares within such State with ability to produce.”

The CHAIRMAN. Senator Taft, the Secretary of Agriculture concludes his statement with this language:

The Department recommends enactment of a bill to continue the program provided for under the Sugar Act of 1937 without controversial changes or features which are contrary to the policy of the administration.

It states that if there is to be a continuation of the Sugar Act of 1937, as I understand it, or the bill before the committee is to be approved, it then suggests several administrative amendments.

Senator Ellender.

**STATEMENT OF HON. ALLEN J. ELLENDER, UNITED STATES
SENATOR FROM LOUISIANA**

Senator ELLENDER, Mr. Chairman and gentlemen of the committee, I am not desirous of taking up any of the time of the committee. I think the distinguished Senator from Wyoming has fully outlined the contents of the bill.

With respect to the statement made by the Senator from Florida about the conditions in his State, I might say that the reverse is true in Louisiana. As I recall, only 3 corporations in Louisiana control 12 percent of the sugar production and the rest of it is distributed among 11,000 to 12,000 farmers.

Now, at the proper time, I would like to present to the committee an amendment to the Sugar Act that was adopted by the Senate last year at my request, with respect to the prohibition against the use of child labor. As the law now reads, no matter how innocent a farmer may be in employing a child under 14 he is denied his benefit payments. I presented to the Senate last year quite a few cases showing that the farmers had done all they could in avoiding the employment of child labor, but it was found after some research by agents of the Government that, as a matter of fact, some of the children employed were under age. Accordingly, the farmers were penalized to the extent of complete forfeiture of their benefit payments and it was necessary for me to present to the Congress a bill, which was adopted, granting relief from the rigorous penalty imposed under the terms of the original Sugar Act. At the proper time, if the chairman permits, I should like to offer an amendment similar to the one that was adopted by the Senate with respect to crops of 1938, 1939, and 1940.

The CHAIRMAN. You may do so, Senator Ellender.

Senator O'MAHONEY, Mr. Chairman, may I say I have had the advantage of reading the letter of the Secretary of Agriculture now and Senator Ellender has not. It is my understanding that the Secretary of Agriculture recommends such an amendment as Senator Ellender suggests.

Senator ELLENDER. I was not aware of that fact, Senator.

The CHAIRMAN. Is Senator Andrews present?

There is request by him to be heard.

(No response.)

The CHAIRMAN. Are there any other Senators from any of the sugar-producing States that desire to be heard at this time on the matter?

Senator Murray.

**STATEMENT OF HON. JAMES E. MURRAY, UNITED STATES SENATOR
FROM MONTANA**

Senator MURRAY. Mr. Chairman, I represent the sugar growers of Montana and have already submitted an amendment, which is now before the committee here, I believe. My amendment calls for a very slight increase in the quotas for the domestic producers. It seems to me that in face of the conditions which have developed as the result of the war serious consideration should be given to this proposed amendment of mine.

As we all know, the production of beet sugar in the Western States is a very vital industry out there. We have great sections of the West where it is impossible to raise any other crop except sugar, unless we go into the production of crops which create a surplus in the country. Therefore it is very vital to some of these Western States that we should get some slight increase in the production of sugar.

My understanding is that during 1941 and 1942 there will be an abnormal demand for sugar and that the sugar deliveries today are running well over 1,000,000 tons annually beyond the basic quota, which would seem to justify a reasonable expansion.

I understand that the Department is figuring on receiving sugar from the Philippines and from Hawaii, which may not materialize, it may not be possible to get the amount of sugar that is expected to come from the Philippines and from Hawaii, and the amount which we are asking, which has the approval of the beet-sugar growers of the West, is approximately 200,000 tons above what had been the usual quota.

This will add an additional 200,000 tons of sugar to the domestic beet and cane quotas. The increase will be divided between the beet growers and cane growers on the ratio fixed in the sugar bill, namely, 42.49 percent for the domestic beet sugar and 11.52 percent for domestic cane.

It seems to me, in view of the conditions which have been brought about as the result of the war, that very slight increase in the production of sugar in the country should be recognized as necessary at this time.

I will not take the time of the committee. I realize you are more familiar with this subject than I am. I am here merely to represent the Western Beet Growers Association which approves this amendment that I am submitting. Unless we can get an average increase in Montana it is going to result in great distress to the farmers there who have the land, who have the water and are able to produce this sugar and are not allowed to produce it. I submit that this amendment of mine is very reasonable. It is an expansion which I am sure will be found to be absolutely necessary as the result of war conditions.

The CHAIRMAN. Thank you very much, Senator Murray.

Your amendment has been printed and is before the committee.

(The amendment referred to is as follows:)

[H. R. 5988, 77th Cong., 1st sess.]

AMENDMENTS

Intended to be proposed by Mr. MURRAY to the bill (H. R. 5988) to amend the Sugar Act of 1937, as amended, and for other purposes, viz:

On page 1, line 10, after "(a)" insert "(1)".

On page 2, following the table between lines 2 and 3, insert the following new paragraph:

"(2) For domestic beet-sugar and mainland cane-sugar areas by prorating among such areas 200,000 short tons (in addition to the amount prorated under paragraph (1), on the following basis:

"Area	Per centum
"Domestic beet sugar-----	78.67
Mainland cane sugar-----	21.33"

On page 2, line 6, strike out "6,682,670" and insert "6,882,670"; and in line 7, strike out "3,793,802" and insert "3,993,802".

Senator JOHNSON. May I ask Senator Murray a question?

Senator MURRAY. Yes.

Senator JOHNSON. I would like to ask whether the Western Beet Growers Association, whom you represent, is affiliated with the National Beet Growers Association?

Senator MURRAY. No; it is an association working for grower interests in close cooperation with other grower associations.

Senator JOHNSON: The National Beet Growers Association, I might say, are heartily in accord with the provisions of the pending measure.

Senator MURRAY. The Western Beet Growers Association is heartily in accord with the sugar legislation also. They have no quarrel whatever to make with the quota system as it has been a great benefit to the producers as well as to the Nation as a whole, but we are merely asking for this slight increase in production due to the condition which has developed in the Pacific. It seems to me we are not going to be able to get the sugar that we need from the Philippines or from Hawaii, and under those circumstances this slight increase, which will be very beneficial to the western beet growers and arid sections of the country, will be found to be absolutely necessary.

STATEMENT OF SENATOR CHARLES O. ANDREWS, OF FLORIDA, BEFORE THE SENATE FINANCE COMMITTEE

Senator ANDREWS. H. R. 5988, which is to amend the Sugar Act of 1937 and to continue its provisions as amended for an additional period of 3 years, was considered by the House Committee on Agriculture and passed by the House before what happened to us on Sunday last.

In view of the fact that we have now been drawn into the Second World War, I believe it is important to reconsider the provisions of this bill. I seriously doubt the advisability of enacting legislation of this character at this time.

All of us recall the sugar shortage that developed during the last World War, and it is my opinion that we are going to be faced with another such shortage before this war is won by us and our allies.

As many of you know, the State of Florida is well adapted for the production of sugarcane, but the Sugar Act has never let this business be developed, except in the most limited way. We can, without delay, produce in my State many times the sugar now being produced, and in view of the existing emergency, I believe we should be encouraged to produce to the utmost. I urge the matter be reconsidered in the light of the present emergency.

The CHAIRMAN. We will recess until 2 o'clock.

(Whereupon, at the hour of 11:55 a. m., the committee recessed until 2 p. m., of the same day.)

AFTERNOON SESSION

(Pursuant to the adjournment for the noon recess, the hearing was resumed at 2 p. m.)

The CHAIRMAN. The committee will come to order.

We are going to have a very meager attendance on the part of the committee this afternoon because of a conflict with two or three other important meetings as well as the Senate session.

The Honorable Pat Cannon, Member of the House of Representatives, has submitted a brief on this bill, on the pending legislation, and desires it to go in the record. It will be placed in the record.

(The statement referred to is as follows:)

STATEMENT OF HON. PAT CANNON, M. C., TO SENATE FINANCE COMMITTEE RELATIVE TO THE SUGAR BILL (H. R. 5988)

Mr. Chairman and members of the committee, my opposition and Florida's opposition to this legislation is well known. We are opposed to a continuation of the restrictive quota provisions of the Sugar Act of 1937, which allows us to produce only less than 1 percent of the sugar requirements of the Nation, when we could quickly and easily produce manyfold that amount at prices to the American consumer lower than the sugar produced in any other area supplying the American market.

We object to the 33⅓ percent increase in benefit payments which this bill carries and feel that the American housewife should have definite consideration at this time of rising prices.

We object to the manner in which this bill was put through the House, without hearings and under the gag rule.

We urge that the position of the President, Secretary Hull, and Secretary Wickard be taken into consideration and the bill not enacted.

By reason of the fact that the consumptive estimate for the Nation has been so increased as to amount to a suspension of quotas, and by reason of the fact that benefit payments will be continued until June 30, 1942, there is no earthly reason for haste in consideration of this bill. No one will be harmed if the bill is not enacted at all.

We ask, therefore, that the matter be put over until next year when more mature consideration can be given to the bill and the general situation.

If the bill interferes with international relations, certainly it should not be enacted until approved by the State Department and the President. These are the most critical days in American history—no action should be taken on the bill at this time.

The CHAIRMAN. Mr. Alexander Walker, president of the Hawaiian Sugar Planters Association, has sent to the chairman of the committee a telegram in which he vigorously opposes and protests certain provisions of H. R. 5988 and Senate 2041, of course being the same, on the ground that these provisions discriminate against the Territory

of Hawaii. Specifically, there is a protest against section 1 which would reduce Hawaii's percentage share from 25.25 of the domestic area's portion as provided in the Sugar Act of 1937 to 24.72 percent, and asking for certain amendments to this bill. The telegram will be placed in the record.

(The telegram referred to is as follows:)

[Telegram]

HONOLULU, *December 9, 1941.*

Senator WALTER F. GEORGE,
United States Senate, Washington, D. C.:

The Hawaii Sugar Planters Association, membership of which produces over 95 percent of sugar produced here and employs approximately 40,000 persons, vigorously protests certain provisions of H. R. 5988 (S. 2401), which discriminate against Territory of Hawaii. Specifically we protest against section 1, which would reduce Hawaii percentage share from 25.25 percent of the domestic areas portion as provided in Sugar Act of 1937 to 24.72 percent. Section 2 should be amended so as to permit Hawaii to obtain its proportionate share as other domestic areas of any deficits in the Philippine Islands quota. Furthermore the bill extends the provisions of the Sugar Act of 1937 for a period of 3 years, but it does not correct the original—discrimination against Hawaii contained in the act limiting the quantity of refined sugar that Hawaii may market in continental United States. In this connection attention is recalled to the President's statement made on signing the Sugar Act of 1937 when he said that he had been given "assurances by Senators representing the great majority of continental sugar producers" that among other things "that they would recognize the fact that Hawaii and Puerto Rico and the Virgin Islands are integral parts of the United States and should not be discriminated against." We in Hawaii are not seeking special privileges but are simply asking that we be treated equally with other domestic areas.

It would be unfair and un-American to discriminate against Hawaii merely because its citizens have neither vote nor representation in the Senate and H. R. 5988 (S. 2401) does contain sections which are both discriminatory and unjust. The enactment of this bill certainly will constitute a breach of the faith established at the time the President signed the Sugar Act of 1937 and announced the gentlemen's agreement that would govern future sugar legislation.

H. ALEXANDER WALKER, *President.*

The CHAIRMAN. A letter from Senator Tydings enclosing a letter from Governor Harwood of the Virgin Islands, asking that the Virgin Islands be included in the participation of benefit payments as provided under title 3, section 307, of the Sugar Act of 1937, and accompanying the letters and recommendation is a proposed amendment to accomplish the purpose asked.

(The letters and proposed amendment referred to are as follows:)

UNITED STATES SENATE,
Washington, December 9, 1941.

HON. WALTER F. GEORGE,
United States Senate, Washington, D. C.

DEAR GEORGE: I wish you would note the enclosed letter from Governor Harwood of the Virgin Islands, asking that the Virgin Islands be included in the participation of benefit payments as provided under title 3, section 307, of the Sugar Act of 1937.

He has proposed an amendment to be included in H. R. 5988 which, I understand, your committee is considering tomorrow.

I sincerely hope that your committee will consider this amendment for it does seem only just and fair that the people of the Virgin Islands be given equal treatment in regard to this matter.

Thanking you, and with kind regards, I am,

Sincerely yours,

M. E. TYDINGS.

UNITED STATES DEPARTMENT OF THE INTERIOR,
Washington, December 5, 1941.

HON. MILLARD E. TYDINGS,
United States Senate.

MY DEAR SENATOR TYDINGS: Referring to my conversation with your secretary, Miss Barger, regarding the Sugar Act of 1937, as amended, and which recently has been extended again by H. R. 5988, passed by the House within the past few days, I respectfully request that you urge the Finance Committee to include the Virgin Islands in the participation of benefit payments as provided under title 3, section 307, of the Sugar Act of 1937. For some unknown reason the Virgin Islands have not for the past 4 years participated in the benefit payments provided for in the act although such benefits were extended to the continental United States, the Territory of Hawaii, and Puerto Rico. Under the same act, however, the Virgin Islands were included in the sections providing for quotas and the refiners are incumbent to pay the processing tax on sugar coming from the Virgin Islands.

As you in all probability know, the many small growers of sugarcane in the Virgin Islands undoubtedly need the benefit payments as provided for other sugarcane areas under the American flag more than the continental United States, the Territory of Hawaii or Puerto Rico, but have been discriminated against during the past 4 years because we were not included in the original act.

I would, therefore, deeply appreciate your interesting the Finance Committee in the present act by having section 307 of the Sugar Act of 1937 amended to include the Virgin Islands of the United States. I am attaching hereto a copy of a suggested amendment which would accomplish the purpose herein requested.

Thanking you in advance for your courtesy in this matter, and with personal regards, I remain

Sincerely yours,

CHARLES HARWOOD,
Governor of the Virgin Islands.

That section 307 of the Sugar Act of 1937 is amended by striking out the word "and" before "Puerto Rico" and the period after Puerto Rico and adding the words "and the Virgin Islands of the United States," so that this section, as amended, would read as follows: "Section 307. This title shall apply to the continental United States, the Territory of Hawaii, Puerto Rico, and the Virgin Islands of the United States."

The CHAIRMAN. A letter from Marguerite M. Wells, Minneapolis, Minn., president of the National League of Women Voters, accompanied by a resolution expressing the views of the National League of Women Voters as opposed to certain provisions of the bill before the committee.

(The letter and resolution referred to are as follows:)

NATIONAL LEAGUE OF WOMEN VOTERS,
Washington, D. C., December 9, 1941.

Senator WALTER F. GEORGE,
*Chairman, Committee on Finance,
Senate Office Building, Washington, D. C.*

MY DEAR SENATOR GEORGE: You will recall that the League of Women Voters has appeared before the Senate Finance Committee on several occasions in support of the Reciprocal Trade Agreements Act. Certain provisions of the bill amending the Sugar Act of 1937, to be considered by the committee tomorrow, would interfere with the prosecution of the reciprocal trade agreements program. These provisions are also inimical to the United States' good-neighbor policy. I am attaching a statement which I hope you will file with the committee.

Very sincerely yours,

MARGUERITE M. WELLS, *President.*

STATEMENT TO SENATE FINANCE COMMITTEE RE REVISIONS OF H. R. 5988
REVISING THE SUGAR ACT OF 1937

The onslaught of war emphasizes anew the importance of developing and maintaining the closest and most friendly relations possible with the other Americas. Certain provisions of H. R. 5988 revising the Sugar Act of 1937 would

be a serious blow to sugar-producing Latin-American countries. These provisions of the bill should be eliminated.

Although the provisions of the bill might not react to the immediate disadvantage of Cuba, its long-term effect would be adverse, since it would decrease the basic percentage share of Cuba in the United States sugar market.

The redefinition of liquid sugar would result in placing a virtual embargo on sirups from the British West Indies. This result would be a violation of the trade agreement with the United Kingdom.

The provisions of the bill affecting the "full duty" countries of Peru, Haiti, and the Dominican Republic have new significance because of the attack on the Philippines and Hawaii. It would seem wise to assure citizens of the United States an adequate sugar supply at this time, but under the terms of the bill it is anticipated that only 125,000 tons of sugar could be shipped from these "full duty" countries into the United States in 1942, although some 400,000 tons have come into the United States during 1941 from these same countries.

The League of Women Voters urges the Senate Finance Committee to revise H. R. 5988 to remove discriminations against Latin-American countries.

The CHAIRMAN. Is Mr. King present, the Delegate from Hawaii?

Mr. GREENE. Mr. Chairman, I know that the Delegate from Hawaii intends to be present and wants to be heard; unfortunately he is not present at the moment.

The CHAIRMAN. That is all right. We have some others present who desire to be heard.

Mr. Staples, president of the Hershey Corporation?

Mr. STAPLES. No, Mr. Chairman; the Central Hershey, Cuba.

The CHAIRMAN. All right. Do you have a prepared statement?

Mr. STAPLES. Yes; a short one.

STATEMENT OF P. A. STAPLES, PRESIDENT AND GENERAL MANAGER OF THE HERSHEY CORPORATION, CENTRAL HERSHEY, CUBA, AT THE HEARING ON SUGAR LEGISLATION BEFORE THE SENATE FINANCE COMMITTEE, DECEMBER 10, 1941

Mr. STAPLES: The atmosphere in which we are now considering sugar legislation is quite different from that which we expected when this hearing was planned. The time has come for deeds, not words. Hence I shall be brief.

The Pacific has suddenly been eliminated as a source of the sugar which the United States so urgently needs. Cuba is becoming more and more our main reliance. It is in the national defense interest that we encourage her to a maximum productive effort, and we know that this can result in a crop next year of 4,200,000 short tons. Furthermore, this production will not necessitate the diversion of defense materials into plant construction. All that is necessary for even greater production in future years is capital for the planting of additional cane in the fields.

Gentlemen, the sugar bill now before you will not increase by a single ton the amount of sugar which the United States can count on this year, next year or throughout the present emergency when our mainland manpower will be needed, not on its hands and knees in the beet fields, but in the military services and in production where skilled American labor can really count.

On the other hand, the O'Mahoney-Fulmer bill puts the United States on record that, once this emergency is over, Cuba can expect further reductions in her raw-sugar quota. It also penalizes Cuba with an immediate reduction of 20 percent in her direct-consumption quota.

But Cuba is not alone in being penalized by this provision. It hits directly at the American war effort for these reasons:

1. Refined sugar is more compact than raw, thus reducing the strain on marine transportation.

2. Refined sugar is ready for immediate use. It therefore can be shipped to the American port nearest to the point of consumption. Thus it can make use of the smaller and less congested ports along our seaboard, and it will require shorter hauls by train and truck from these ports.

3. All our mainland refineries are located in the largest ports which already are congested with the traffic in war materials. The more raw sugar shipped to them the greater will be this congestion.

4. Sugar received in the United States in raw form cannot be used until it has been reprocessed. Then there is the further delay and the greater strain on land transportation facilities in getting the sugar to the ultimate consumer.

5. Raw sugar has to be shipped in jute bags, and the jute has to be brought here from India across the Pacific. Refined sugar is shipped in cotton bags, a product of our own South.

This bill will have the immediate effect of discouraging Cuba whom we need to encourage to all-out effort. Enactment of this bill—or of any legislation of its spirit and purpose—would put Cuba on notice that our friendship for her is born of our present emergency and will die with a return to peace.

I do not believe I need to elaborate this point. I ask you, in the name of national defense, Latin-American relations, and democratic solidarity to kill this bill. If any sugar legislation is enacted, I also ask you to eliminate once and for all the direct consumption quota.

With your permission I am filing a short brief which analyzes further the undesirability of this bill from other angles. To the brief are attached recent clippings from *Time Magazine* of December 8, 1941, and the *New York Times* of December 4, which I think you will find of interest.

The other brief I have prepared is only five pages long but is more or less factual.

THE CHAIRMAN. You may include it; it will be copied in the record. (The brief referred to is as follows:)

BRIEF SUBMITTED BY P. A. STAPLES, PRESIDENT AND GENERAL MANAGER OF THE HERSHEY CORPORATION, CENTRAL HERSHEY, CUBA, AT THE HEARING ON SUGAR LEGISLATION BEFORE THE SENATE COMMITTEE ON FINANCE, DECEMBER 10, 1941

I am the president and general manager of the Hershey Corporation, a Delaware Corporation, which owns and operates the largest sugar mill in western Cuba and the largest and most modern sugar refinery in that island.

The Island of Cuba is recognized as an essential link in the defense of continental United States. And sugar, as the outstanding factor in the Cuban economy, is the key to its political and economic stability.

This corporation stands as an example of America's sugar policy toward Cuba during the last 20 years. It was started during World War No. I, which demonstrated that Cuba is our only natural and dependable source of supply for the great bulk of sugar we need, and to the consequent recognition that this source should be developed in the interest of the American people. The United States apparently forgot during the last score of years its World War experience, repudiated the encouragement which had been given to Cuban, as well as American capital to build up sugar production, drove Cuba's share in the American market down to less than half its previous position, and then froze its participation at that point by the introduction of quota control.

Under the conditions of World War No. II with the supply from the Pacific areas threatened and now probably eliminated for some time, Cuba was called on again, and has increased its shipments to the United States from 1,750,000 short tons in 1940 to over 2,800,000 short tons in 1941. For the year 1942 and possibly for several years to come, Cuba will be called on to produce to its maximum possibilities and with timely encouragement can expand its production, without the necessity of any further investment except in cane planting, at least a million tons more than the 4,200,000 short tons estimated available for 1942.

The O'Mahoney bill, S. 2041, certainly by its provisions to take away from Cuba 50,000 tons of raw quota to Cuba's future and permanent disadvantage is not "timely encouragement." This raw reduction may be currently academic but the really important thing is that this bill reflects hostility when and where friendly feelings are essential to national defense.

The O'Mahoney bill also contains provisions which affect the people of the United States as consumers, as taxpayers and as citizens, and furthermore, raises an issue as to the good faith of our Government in its Latin-American relations. In these connections I am simply asking the privilege of filing two short articles which appeared December 8, 1941, in Time (appendix A) and in The New York Times of December 4, 1941 (appendix B).

There is however one provision of this bill, section 3, section 207 (e) which reduces by 75,000 tons or a full 20 percent of the present restricted allotment, the quota for "direct consumption" sugars entering the United States from Cuba, on which I would like to comment further.

This is not the first cut to which the Cuban sugar-refining industry has been subjected. Before the Jones-Costigan law was enacted in 1934, Cuba shipped to this country some 529,072 tons of refined sugar, plus a certain amount of raw which were used without refining and therefore came under the definition of "direct consumption." The 1934 act cut this to 425,120 short tons; the 1937 act again cut that to 375,000 short tons, and now this bill contemplates cutting it to 300,000 short tons.

Meantime, other so-called offshore refiners than Cuban have not been similarly cut. I give you below a table showing the maximum shipments and the refined quotas of Cuba, Puerto Rico, Hawaii, etc., under the various acts:

	Short tons raw value before quotas established		1934 act	1937 act	O'Mahoney bill
	Maximum	Year			
Cuba	529,072	1933	425,120	375,000	300,000
Hawaii	26,500	1933	28,422	29,616	(2)
Puerto Rico	116,972	1933	128,394	126,033	(2)
Philippines	60,587	1932 ³	80,214	80,214	(2)
Peru, Santo Domingo, etc			(1)	(1)	(1)

¹ This was fixed at 22% of the total sugar quota and therefore varied somewhat from year to year. Since 1937 the Cuba "D. C." quota has been a fixed number of tons.

² Unchanged.

³ The year before quota set by Independence Act.

⁴ Unlimited.

The present direct-consumption quota of 375,000 tons allotted to Cuba we believe is less than the tonnage of sugar refined each year by any one of three mainland refiners; but, in the case of Cuba, it must be distributed among some 14 refineries. This means that the allotment to each is already so far below efficient production rates as to jeopardize the entire refining industry in Cuba. The proposed reduction by another 75,000 tons may seem small and insignificant to the whole sugar problem, but the fact is that it spells disaster to an established industry in a sister republic.

It is hardly necessary to call your attention to how inconsistent this policy of ruining one industry with one hand while with the other hand the United States Government is loaning Cuba some \$25,000,000 with the specific idea of improving its economy by diversifying its industry. Insofar as the sugar refining industry in Cuba is concerned, no one is asking the United States Government to advance a single dime. Private capital is the backbone of the Cuban development.

At this time when we have need of all the friends we can have, it seems unfortunate to aim this blow at friendly Cuba, but it not only is a blow to our friendship

with that near and important defense-wise neighbor, but it is a matter of advantage to the United States defense effort that the largest possible part of the Cuban crop should be imported in the form of refined. I emphasize this because among other reasons the importation of refined sugar instead of raws to be refined—

First. Saves a large amount of railroad and truck transportation in the United States, as sugar refined in Cuba can be put into the nearest port to the place where it can be consumed.

Second. It saves port facilities by spreading the importation of sugar into a number of smaller and less-used ports instead of still further congesting the big refining ports, which, generally speaking, are those to which and from which our defense materials are being transported.

Third. It saves labor which can be diverted into other fields, but this is merely mentioned, as it is a negligible item, the total labor in the refining industry in the whole United States being less than 14,000 persons, and the probable saving in this respect would be only a matter of a few hundred persons.

Fourth. A saving of 7 percent in freight tonnage, inasmuch as it takes only slightly under 107 pounds of raws to make 100 pounds of refined.

Fifth. It saves bringing in jute bags via the Pacific Ocean from India to Cuba, which are necessary for the transportation of raw sugar. Refined sugar is shipped in cotton bags which are a United States product and, as you know, we have a goodly supply of cotton. It also saves paper, as in large part the American refiners are packing in paper and cartons instead of cotton, which repacking is completely saved when the sugar comes right through from Cuba to the consumer in its original cotton bag.

It is obvious that any limitation of the amount of Cuba's quota that may come in in the form of direct-consumption sugar, and certainly any increased limitation is against the defense interests of the United States as well as our policy of aiding Cuba in building up a diversified agriculture and industry.

In conclusion: It would seem to be evident that the O'Mahoney bill as a whole is contrary to the national-defense effort and, furthermore, is contrary to the United States' Latin-American policy. By no stretch of the imagination can the principles established in this bill be construed as furthering either of these aims or the aims of democratic solidarity.

APPENDIX A. DEPOSITED WITH STATEMENT BY P. A. STAPLES ON DECEMBER 10, 1941, AT THE HEARING ON SUGAR LEGISLATION BEFORE THE SENATE FINANCE COMMITTEE

[Time, December 8, 1941]

AGRICULTURE—GANG-UP IN THE LOBBY

Mixed with either potash or Congressmen, sugar is a potent explosive. This week the annual congressional blow-off made all good neighbors wince and hold their ears.

Good neighbors want to continue the quotas of the 1937 Sugar Act—which permits Cuba to supply 29 percent of United States demand; domestic beet growers, 23 percent; the Philippines, 15 percent; Hawaii, 14 percent; Puerto Rico, 12 percent; domestic cane growers, 6 percent.

Instead the House this week rushed through a bill which is a sugar lobbyist's dreamboat. Often the various United States interests (beet growers, cane growers, eastern refiners) snipe at each other as well as the public weal in the running fight over raw-sugar quotas. But this year they ganged up solidly on their offshore rivals. Their weapon: the House bill, introduced by South Carolina's Hampton P. Fulmer, and a companion Senate bill introduced by beet-growing Wyoming's Joseph C. O'Mahoney.

These bills would shift the quota percentages to give the uneconomic United States beet growers 65,000 more tons a year, cane growers 17,000 more tons. Cuba's quota would be cut 50,000 tons, the Philippine quota by 27,000 tons; Puerto Rico and Hawaii would suffer minor curtailments. For the benefit of United States refiners, Cuba's quota of refined sugar would also be cut—from 375,000 to 300,000 tons.

Also in the bills is a mysterious gunnicks which redefines the dividing line between liquid sugar, which comes under quotas, and edible molasses, which does not. Effect of this highly technical clause would be to classify molasses as liquid sugar, thereby putting an end to molasses imports from the British West Indies, which now supply nearly half of United States demand.

For the administration this sugar lobby steal would have bitter consequences. It would sabotage United States reciprocal trade treaties with Cuba and Britain. It would offend Hawaii and the Philippines.

Yet the House passed the Fulmer bill without blushing or even drawing a deep breath. The House Agriculture Committee had reported it without holding hearings. The vote was taken after only a few minutes of debate. Texas Congressman Richard M. Kleberg read a letter from Secretary of State Cordell Hull blasting the scheme. Puerto Rico's Commissioner Bolivar Pagán read a letter from President Roosevelt strongly implying imposition. The House ignored them (134 to 32). Snorted angry Richard Kleberg. "A sell-out against the wishes of 130,000,000 people." All good neighbors could hope for was better consideration in the Senate.

APPENDIX B. DEPOSITED WITH STATEMENT BY P. A. STAPLES ON DECEMBER 10, 1941. AT THE HEARING ON SUGAR LEGISLATION BEFORE THE SENATE FINANCE COMMITTEE

[The New York Times, Thursday, December 4, 1941]

SUGAR GRAB

Under a suspension of the rules there has been jammed through the House of Representatives new sugar legislation which provides among other things for (1) increased acreage for domestic cane and beet growers at the expense of decreased quotas for Cuba, Puerto Rico, Hawaii, and the Philippines; (2) a 33½-percent rise in benefit payments to domestic growers; (3) a reduction in the quota of refined sugar imports from Cuba from 375,000 tons to 300,000 tons. The bill was passed in 40 minutes without any public hearings having been permitted and without having been referred to any department of the Government for comment.

Pointing out that all the sugar growers and refinery workers in the country total only 78,000, Representative Kleberg of Texas declared that the bill would give \$16,000,000 additional to those 78,000 persons at the cost of antagonizing 130,000,000 people in South and Central America and in the Philippines and Hawaii, and at the injury of all but a small remnant of the 130,000,000 people in the United States who eat and buy but do not raise sugar. What that injury has been in the past is shown by a study of the Temporary National Economic Committee, which found that in 5 years of sugar quotas the cost to the consumers of the protection given to domestic sugar production had averaged \$274,329,031 annually. What the injury has been is shown too by a statement of Vice President Wallace when he was Secretary of Agriculture. He calculated that the loss of export markets resulting from reduced imports was such that each additional acre of Louisiana cane involves a reduction in our export market equal to the product of 3 acres of cotton, and each additional average acre of sugar beets involves a loss in export market equal to 3 acres of corn or 6 acres of wheat.

These facts are all known, yet in the face of them the House has chosen to approve another grab for the sugar interests against the judgment of the Secretary of Agriculture, the Secretary of State and the President himself. Without even the courage to hold hearings on the subject, it has sold out the American consumer, the cause of hemisphere good will, sound economics, and plain common sense. And all this at a time when there is grave danger of excessive rises in the cost of living and grave need of Government economies in nonessential spending.

MR. STAPLES. If there is anything further you want me to read, I will be glad to do so.

THE CHAIRMAN. No further questions, unless you desire to add something.

MR. STAPLES. Under this present emergency, I think the less said the better.

THE CHAIRMAN. MR. H. H. PIKE. MR. PIKE, you have a prepared statement?

MR. PIKE. I have, sir. I have given part of it to the clerk.

**STATEMENT OF H. H. PIKE, JR., REPRESENTING THE NATIONAL
FOREIGN TRADE COUNCIL, INC., AS A GOVERNING MEMBER**

Mr. PIKE. My name is H. H. Pike, Jr., and I appear on behalf of the National Foreign Trade Council, Inc., as a governing member, and as chairman of its Cuban committee.

The National Foreign Trade Council was formed in 1914 for the purpose of coordinating national activities directed toward the promotion of American foreign trade. Its membership is Nation-wide and comprises manufacturers, merchants, exporters and importers, railroad, shipping and air-line services, banking, insurance, education, and so forth, representing the diverse interests concerned directly or indirectly in the promotion of the Nation's foreign commerce. Since its formation, the council has organized annually the National Foreign Trade Convention, with an average attendance of 1,200 delegates from all sections of the country.

The interest of the council in the sugar program is confined to its effect on our international trade and relationships. It is with this in mind that I have asked for a hearing and would like to present certain data with regard to the O'Mahoney sugar bill, S. 2041. Broadly speaking, it is so timed and so written as to impair our Government's foreign-relations program and as to controvert the basic principles for which the National Foreign Trade Council stands.

We of the council, and almost everyone else who has studied international relations from a national angle, have come to the conclusion that arbitrary and unwarranted trade barriers constitute one of the principal sources of war. In their joint declaration, which has now become famous as the Atlantic Charter, our President and the Prime Minister of Great Britain stressed this point. I particularly refer to the fifth principle of that declaration, which reads:

Fifth. They desire to bring about the fullest collaboration between all nations in the economic field with the object of securing, for all, improved labor standards, economic adjustment, and social security.

The question arises: Do we mean it or do we not? Are we merely going to give this principle lip service, or are we prepared to accept it as a guide in our national legislative program?

Gentlemen, will you pause a moment and consider what I say to you in all sincerity? The question before you may seem like a small thread in our national economic fabric. This bill ignores the interest of other countries in working out one of our national problems. Just this attitude, repeated over and over again both here and abroad, is precisely what has caused the situation now being fought out on a world-wide front. Unless stopped, it may well consume civilization.

I pass over the matters of purely domestic interest in the bill, although I feel confident that you will give them due consideration. In the items of domestic consideration I include the discrimination of this bill between various parts of our Nation on a basis of whether they are offshore or part of the mainland. I also am not stressing the fact that this bill continues for 3 more years the sugar-processing tax amounting to some \$75,000,000 a year, or that it requires the United States Treasury to make an increase of 33 percent in benefit payments out of that tax.

I am sure that you will give these matters your careful consideration and that you have before you the rather complete data which

have been published—such as the figures given by the T. N. E. C. in its 1940 report of the cost of current sugar legislation both to the consumer and to the taxpayer. I simply confine myself to the jolt this bill gives to certain of our neighbors without compensatory benefit to us as a nation.

This bill reduces the amount of quota going to foreign areas by some 78,000 tons. Of this, the Philippines' decrease is somewhat academic, as they have never filled their full-duty quota above the Independence Act duty-free quota. However, the Cuban quota is reduced by at least 50,756 tons. That reduction is made in the face of the fact that at this very moment our dependence on Cuba for our sugar supplies is so very obvious. At the very time when we are asking Cuba to give us all the sugar she can possibly make, this bill warns Cuba that, as soon as the emergency is over, we will cut her basic quota by 50,000 tons from its present figure. We are putting her on notice that she can look for no future with us and that the good-neighbor policy and the inter-Americas' cooperation, so much discussed now, will end with our emergency.

Senator VANDENBERG. How much is that 50,000 tons compared with their quota? How much will that leave them?

Mr. PIKE. That depends on how much the quota established is.

Senator VANDENBERG. Well, how much would that be proportionately to their basic quota?

Mr. PIKE. But that is not the point; you are calling on them now for all they can make, and you tell them that when you are through with this emergency that basic quota will be cut by 50,000 tons from its present figure.

Senator VANDENBERG. The point I am trying to make is this: You say that if we take 50,000 tons away from them they are going to discuss the sincerity of the good-neighbor policy. Now, if that is true, I confess that makes me worried, because I think we are doing a lot for them.

Mr. PIKE. What I am saying is that we are doing, what might be called chiseling. The amount you propose to cut is small, but it is a situation where after the war is over when we don't need all they can give us, we are going to take some away from what they now have. It is the principle of the thing and apparently the beet people don't like that principle, because they are taking more.

Senator VANDENBERG. Go ahead. Your statement was that just because they were going to lose some of this, assuming that they did, that meant we were treating them unfairly and it meant the end of our good-neighbor relations.

The point is that assuming they do lose this, they will still have a very large amount. I want appreciation for what they get as well as condemnation for what is taken away from them.

Mr. PIKE. Yes, sir; but, Senator, the beets are at the maximum they have ever had; and they are getting more with these countries getting less. The principle of it is what I have been discussing. We give beets their maximum and take a little more from Cuba after we cut half from what she built up in the last emergency.

The bill reduces from 375,000 tons to 300,000 tons, or 20 percent, the portion of the Cuban quota that can enter the United States in refined form. The effect of such further reduction is to whittle away the most natural foundation for the diversification of Cuban industry,

which we are committed to build up. Our Export-Import Bank, for instance, is lending money to that island republic, as to other Central and South American countries, in order to strengthen their industrial economy. Mr. Warren L. Pierson has stated that such building of sound diversification abroad does not reduce but actually increases our foreign trade. Our exports are greatest to those countries with the greatest industrial development. In the interest of our farmers and of our highly specialized and efficient labor, this industrialization is desirable, not hurtful. Cane sugar refining in this country is a very small employer of labor; therefore, the maximum potential effect of competition from Cuban refining is a specious labor issue.

The bill concocts a new definition of liquid sugar to include edible molasses. By so doing it establishes a practical embargo on Barbados molasses, thus cutting off a trade of considerable importance and writing legislation in contravention of our trade agreement with Great Britain. Such treatment of a Caribbean neighbor by a trick definition would be vigorously protested by us if we were the victims. Interestingly enough, the National Geographic Society tells me that Barbados is the only foreign territory ever visited by George Washington.

The CHAIRMAN. Pardon me, I think it is agreed that that was not the purpose or intent of this legislation and that the proponents themselves intend to propose an amendment to make that clear.

Mr. PIKE: Thank you, Senator George, this I wrote before the statement of the Senator. I think it indicates after all that this bill does need more careful thought and consideration than has been given to it up to the present time.

The O'Mahoney bill amends section 204 of the Sugar Act of 1937 with regard to the distribution of any unfilled Philippine quota. The latter bill gave such unfilled quota to foreign countries other than Cuba—some 15 or 20 countries benefiting—but principally Peru and Santo Domingo. 1941 is the first year when those countries benefited materially by this clause of the sugar quota law, and this year they have so far contributed to us about 181,000 tons which, as a matter of fact, we badly need and on which full duty was paid. This action cannot help but cause resentment in those countries when the law as enacted is changed the moment it seems to be working to their advantage. We urge that this discrimination be not put into effect against the interests of our good neighbors.

Finally, what I ask you to consider is whether it is in the national interest to deal these blows which may look small and isolated but which will severely twist the fabric of the increasing understanding and cooperation among the American republics. There is a growing belief to the south of us that we mean to live and let live; that we desire for them prosperity, diversification, high standards of living, and social security; that we are prepared to share with them even our priority materials, so that we can all stick together now and advance together in the future. Is not this broader statesmanship the controlling factor in any legislation affecting any part of Latin America?

Thank you very much, Senator.

The CHAIRMAN. Thank you, Mr. Pike.

Is there any additional documents you wish to incorporate in the record?

Mr. PIKE. No, sir.

The CHAIRMAN. Thank you very much.

Mr. Pagán, you are the Resident Commissioner from Puerto Rico in the United States; do you wish to make a statement?

Mr. PAGÁN. Yes, sir.

**STATEMENT OF BOLIVAR PAGÁN, RESIDENT COMMISSIONER
FROM PUERTO RICO IN CONGRESS**

Mr. PAGÁN. My name is Bolivar Pagán. I am the Resident Commissioner from Puerto Rico in Congress. I appear to oppose certain of the principles established by this bill, particularly those which set Puerto Rico apart from other domestic areas and exclude it from benefits accorded to the mainland sugar-producing States.

The people of Puerto Rico cannot understand why Congress repeatedly insists on classing this Territory with foreign countries, to be given the left-overs not needed by the States. Just 43 years ago, in the course of another war, the United States of its own volition and by force of arms took possession of our island. I do not mean to say that the United States flag was unwelcome, for that most decidedly was not the case. Nevertheless, the United States troops took possession, and assumed and recognized complete responsibility for the future welfare of our people.

In the intervening years, Puerto Rico has played a part in national affairs of which it can be duly proud. In the last World War, the Territory's people oversubscribed their Liberty Loan quotas. Thousands of the island's young men were sent to Panama to guard the Canal, as units of the Regular Army, and others were sent overseas and fought and fell in France.

When the present conflict arose, Puerto Rico was proud to be selected as the site for huge defense bases, urgently needed for the protection of the Western Hemisphere. The people and their government have cooperated wholeheartedly and patriotically toward the success of the defense effort, making all sacrifices that have been found necessary. When the selective service program was announced, Puerto Rico's quota was 10,000 men. The response of the island's youth can be judged by the fact that more than 9,000 of those places were filled with volunteers, making it necessary to draft fewer than 100 men out of 10,000.

In every emergency, Puerto Rico has willingly and enthusiastically lived up to the obligations imposed on it as a part of the United States. Every request for the national good has been filled. Having met its obligations as a part of the United States, it is only natural that Puerto Rico expects to share at least some of the benefits and privileges which accrue to the various parts of this country. It is hardly fair to expect Puerto Rico to make all of the sacrifices and then deny it the right to share equally in the privileges.

The bill under discussion treats Puerto Rico, not as a part of the United States, but as a foreign country. Unlike other parts of the Nation, we are allowed to refine only a small part of our own sugar. Unlike other parts of the United States, we are not included among the areas to which increased quotas are given. Unlike other parts of the United States, we are not permitted to share deficits from foreign countries until the preferred parts of the Nation have been satisfied.

This discriminatory treatment would not hurt so much were it not for the fact that Puerto Rico is far more dependent on sugar than any other area serving this domestic market. Two-thirds of our income and employment and insular revenues are directly or indirectly dependent on the sugar industry. Every restriction placed on our sugar industry hurts two or three or five times worse than similar restrictions would hurt other sugar-producing areas. As the island's Resident Commissioner, I ask that the discrimination referred to be removed before this bill is passed by the Senate.

The CHAIRMAN. The same discrimination appeared in the '37 act, did it not?

MR. PAGÁN. In this act it increases the discrimination.

Mr. Chairman, may I incorporate a letter from the President sent recently to me about this sugar legislation?

The CHAIRMAN. You may make it part of the record.

(The letter referred to is as follows:)

THE WHITE HOUSE,
Washington, D. C., December 1, 1941.

HON. BOLÍVAR PAGÁN,
Resident Commissioner of Puerto Rico.

MY DEAR MR. PAGÁN: I wish to acknowledge your letter of November 5, and the memorandum accompanying it, in both of which you gave your views on sugar legislation. You have expressed the fear that certain bills about to be introduced in the Congress would discriminate against Puerto Rico and other offshore sugar-producing areas.

I recommend sugar-quota legislation in 1934, which took form in the Jones-Costigan Act of 1934 and subsequent legislation, primarily because the sugar-tariff rates of the 1920-30 decade, contrary to the expectations of their advocates, had resulted in accumulation of surpluses of sugar, price depression, and general demoralization of the sugar industry. Domestic sugar-beet and sugar-cane producers then complained of poor returns, wage rates were low, and Cuba suffered financial and economic chaos. To meet the economic and social problems resulting from low incomes and large surplus supplies, a sugar program was recommended.

The administration has not recommended sugar legislation at this session of Congress, for today we are no longer confronted with the price-depressing surpluses which in prior years were so burdensome and difficult to manage. On the contrary, a balance between supply and demand has been created as the result of stimulation of consumption of sugar growing out of a wider distribution of a larger national income, some building of up stocks, and the diversion of large quantities of sugarcane in Cuba to the production of high-test molasses for making industrial alcohol. In fact it was found necessary in August to establish a ceiling price on sugar to prevent excessive speculation. I am advised that it is not expected that any available price-depressing surpluses will reappear, at least as long as the war continues. As you know, the Department of Agriculture has already announced that it will not be necessary to limit the 1942 Puerto Rican crop.

It must also be recognized that a quota and allotment structure may, under the conditions now current, conflict with the national welfare and defense requirements to the extent that such provisions have a limiting effect upon the free flow of goods and the efficient use of the land and water transportation facilities of the Nation.

The principal purpose to be served by the continuation of the sugar-quota system is to be found in the protection it will provide the industry after the termination of the war. For it is reasonable to suppose that when usage of sugarcane for industrial alcohol returns to normal levels, the large stocks of sugar in certain distant areas again move freely, and holders of accumulated stocks in the United States begin to reduce their inventories to the level of prior years, the price of sugar in the domestic market may again become disastrously low within a quota system. Consequently, if the various parts of the domestic sugar industry can agree on sugar legislation which does not conflict with the public interest, conforms to defense requirements, and is noncontroversial in character, it may be

advisable to continue the sugar-quota system and its necessary complementary features to serve as a protection to the industry in the post-war period, even if it be found necessary to suspend the quota provisions of the act during the emergency.

Please be assured that I am glad to have your views on sugar legislation. As you know, this administration has repeatedly stated its objections to any provisions in sugar legislation which discriminate against Puerto Rico and the Territory of Hawaii. I am advised that you have already brought your views to the attention of the various Federal departments which are primarily concerned with sugar legislation.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

The CHAIRMAN. Mr. King, the Delegate from Hawaii?

Mr. KING. I apologize for not being here at 2 o'clock. I understood it was 2:30.

The CHAIRMAN. It is all right; we had other witnesses here.

STATEMENT OF SAMUEL W. KING, DELEGATE TO CONGRESS FROM HAWAII

Mr. KING. Mr. Clairman, of course, the war has affected the whole situation of our national economy, but not to the extent that the quotas from Hawaii or Puerto Rico or even perhaps from Cuba could justly be reduced because of that. I cannot conceive of our accepting any situation that would impair the transportation between the west coast of the North American Continent and the Territory of Hawaii. If we are to assume that no such transportation is going to be available, then we are accepting a defeatist attitude.

Our economy in Hawaii depends on sugar and the sugar industry to a very great extent. We have been shipping sugar to the United States since 1875, before we became a part of the United States, first under the treaty of reciprocity between the United States and the then Kingdom of Hawaii. After we had been annexed to the United States, and incorporated as a territory, of course, we continued to ship our sugar to the American market. For the past many years, at least 40 years, our proportionate share of the American market has been approximately 15 percent. It has not varied greatly from that share of the total amount of sugar consumed by the American public. That represents approximately 25 percent of the domestic production of sugar. Under the former system of protective tariff and free competition between sugar-producing units, we had this position in the sugar market.

Now, the whole background of this sugar-quota system was based, as Senator Pepper said, and others may have called to the attention of the committee, on this past production. When the Jones-Costigan Act was considered by the Congress, it was accepted as a basic principle of the proposed quota system that the average production of each unit would be fixed as its quota. In other words, an historic basis was adopted as the vital principle of the quota system. Nevertheless, the Jones-Costigan Act, in disregard of the President's recommendation, did not comply with that principle; it fixed the quotas for the mainland producers, both the beet sugar producer and the mainland cane producer at a figure higher than their average for the base years 1931-33. On the other hand, Hawaii was reduced from this average to the extent of approximately 70,000 tons. If you will refer to table 4, Mr. Chairman, of the set of tables I have delivered to the clerk of the committee with the request that he supply them to

the members, you will note that the average for the beet industry for the years 1931-33 was 1,481,950 tons. The Jones-Costigan Act gave that industry a quota of 1,556,166 tons, an increase of seventy-four thousand-odd tons more than the historic basis justified. The mainland sugarcane industry was similarly favored. However, Hawaii, with an average of 1,046,318 tons, was cut down to 948,264 tons. This latter figure included, in addition to our marketing quota, the amount allocated for local consumption. This represented a reduction of 69,554 tons. The Sugar Act of 1937 similarly further reduced our quota below our previous historic average production.

I was not in Congress at the time, but this legislation was deeply resented in Hawaii. It is only recently that legislation has begun to make a distinction as between Americans because of geography. The terms "continental" and "noncontinental" are coming into use. There is an invidious comparison being drawn between those Americans who happen not to live on the mainland as distinguished from those who do. We are called insular possessions or offshore areas and find ourselves considered to be somewhat less than American because of geography than our fellow citizens who are producing sugar in any one of the several States. We were placed in the same class with the Philippines, a country then in preparation for its separation from the United States, and Cuba, a foreign country, and other foreign countries, and if I may be pardoned for mentioning it, it was partly on that issue that I was elected to Congress, to oppose and fight against this, as we call it, discrimination. I do not like this term "discrimination"; we have used it so often it is stale, but it is a fact we were discriminated against in favor of the beet industry of the continental United States. Then when the Sugar Act of 1937 was again proposed, my hardest job in the House was to convince the members of the committee, and later the House itself, that we were entitled to better treatment and should not be awarded arbitrarily under this quota system a quota less than our historic average, and, as a result, we were permitted to retain the share in the market to which we had a historic right, which amounted to 25.25 percent of the total domestic sugar quota or allotment. We have operated under that law since then, for the last 4 years. That represented a substantial loss to Hawaii's historical position, and the present bill, H. R. 5988, increases that reduction, so that we will be denied the opportunity of selling approximately 71,426 tons in the domestic market.

Senator VANDENBERG. You have the same quota under this bill you now have?

Mr. KING. A difference of 210 tons. Now, the argument is made pertaining to that, Senator, that because the proposed bill does not take everything away from us in effect—you can't argue over 210 tons in a quota of a million tons—we should be satisfied, but it does more than that; it takes away from us the share of the increase which as a domestic producer we would be entitled to, amounting to about 20,000 tons. No other sugar-producing unit is so penalized. In order to make the quota system work, and to allocate quota shares to each producing unit, we have acquiesced in the percentages prescribed in the Sugar Act of 1937; but I do wish to oppose as inequitable any further reduction in our quota.

It is now proposed, as you will see from table 1, of the tables I have submitted to the committee, that the total domestic quota shall be

increased 79,159 tons, taking twenty-seven-thousand-odd tons from the Philippine Islands and taking fifty-thousand-odd tons from Cuba. The entire increase is to be allocated to the beet-sugar industry and the mainland cane producers; that is, sixty-two-thousand-odd to the former and sixteen thousand plus to the latter. It is argued that we should accept this bill because our quota is not reduced except by 210 tons, a nominal amount; but the proponents of the bill do not point out that if the percentages now incorporated in existing law were retained our proportionate share of the proposed increase would amount to 19,898 tons.

Now, may I call your attention to table 5 which shows that the proposed 79,000 tons increase would be divided between the mainland producers and Hawaii and Puerto Rico in a very different manner from the provisions of H. R. 5988; the beet industry would get an increase of 32,000 tons; the mainland cane eight thousand nine hundred-odd tons; Hawaii would receive 19,898 tons increase, and Puerto Rico 16,927 tons.

It is obvious that these are substantially the amounts of sugar which should be allocated to Puerto Rico and Hawaii unless the principles of the Sugar Act of 1937 and the historical basis on which the quota system rests are to be repudiated. In other words, it is not much justification for this legislation to say that they are not cutting our quota when the bill denies us our proportionate share in the quota by just slightly changing the basic quotas that now exist in the present law. They have cut the proportionate share of Hawaii from 25.25 percent to 24.72 percent. Now, that is getting into the ten-thousandths in decimals but it amounts to nearly 20,000 tons of sugar a year. The historical basis, which is the whole justification for the quota system, is entirely disregarded and an arbitrary system is set up that would benefit our continental producers, beet and cane, to the detriment of Hawaii, Puerto Rico, and Cuba. A further change in existing law is the disposition of the deficit in the Philippine quota.

If you will refer to table 2 you will note it is proposed to reserve to the mainland producers the 50,000 tons of the Philippine quota which the Philippine Islands are permitted to ship into the United States in refined form. Then, the first deficit of 100,000 tons, being in effect the difference between the duty free quota and the full quota, according to the Sugar Act of 1937, is reserved to foreign countries other than Cuba. Then, Hawaii, Puerto Rico, the Virgin Islands, and Cuba share in the remaining deficit.

It has been argued we should accept this provision because it may bring us very substantial material benefits if the Philippine deficit is large. Regardless of any such material benefit I oppose this provision very strongly because it nullifies the principle of the Sugar Act of 1937, and places Hawaii and Puerto Rico in the category of a foreign country, to share certain deficits along with Cuba. One of my strongest fights in 1937 was to have the classification of Hawaii established as an American community and a part of the domestic-sugar-producing industry. The Jones-Costigan Act had put us in a category with the Philippine Islands and Cuba. The Sugar Act of 1937 corrected this situation and included us as a unit of the domestic production unit. This bill proposes to reverse that action and put us back in a semi-foreign category. There is absolutely no justification for this action.

Our total maximum production, Mr. Chairman, is probably limited to approximately 1,250,000 tons of sugar per year. I don't know what the maximum production of the beet-sugar industry would be nor that of the mainland cane-sugar industry, but certainly it would appear to be fair to allow us to retain our proportionate share of the domestic sugar production until we had reached our maximum production. After that we might be retained at that figure while other producing units continued to expand. I submit there can be no argument that would justify allowing domestic producing units to expand now at our expense or while freezing our production to a quantity less than our historical average and less than our capacity to produce.

Mr. Chairman, no hearings were held on this bill in the House, and I should like to correct the statement made by Senator Vandenberg this morning that any reports were considered by the House Committee on Agriculture. Mr. Kleberg read a portion of a letter from the Secretary of State in opposition to the bill which, however, was not addressed to the chairman of the committee and was not formally before the committee.

The bill was considered in committee but no report had been requested from the departments concerned, and no witnesses other than the members of the committee were heard. I will state that I opposed the bill in committee, and offered two amendments, one that would restore to the pending bill the existing percentages which was defeated by a tie vote, and the other intended to rectify the preferential manner in which the Philippine deficit is to be allocated, lost by a larger majority. The Rules Committee granted a liberal rule on the bill after it was reported out of the House Committee on Agriculture, but instead of bringing it up under the rule, when those who opposed this measure might have had an opportunity to be heard and offer amendments which could be discussed and an opportunity afforded for argument to be presented to the membership of the House in their favor, the bill was brought up under a suspension of the rules. This precluded consideration of any amendment and drastically restricted debate.

I submit, Mr. Chairman, that no necessity for such haste exists and that a more orderly consideration of legislation of this importance would have been better.

Now, whatever may come in this present national emergency, Hawaii will continue to remain an incorporated Territory of the United States. Its people depend on agriculture almost exclusively. Sugar accounts for possibly 60 percent or more of the revenues of the Territory; pineapples may be 30 to 35 percent; all the rest put together about 5 percent; so that sugar is representative of more than half, three-fifths, of the Territory's revenues.

I am not in the sugar industry; I haven't a single cent in it, but I realize, as every citizen does, that whatever hurts sugar hurts Hawaii; and we are going to continue to produce sugar, of necessity; and if we are frozen out and year after year our quotas are reduced, our entire economy is threatened. Possibly 100,000 people are dependent on the sugar industry for their livelihood; possibly another 50,000 in an indirect way. Pineapples take the remainder of those gainfully employed. The Department of Agriculture has complete control over the operations of the sugar industry under existing law. Many people earn their living in the sugar industry, not seasonally but

permanently. We frequently have been criticized because of the large compliance payments made to our sugar producers. I am sorry that Senator Byrd is not present, because he has raised that point on several occasions.

There is no justice in such criticism as to those payments as the revenues used in making such compliance payments are derived in the first instance, as Senator O'Mahoney pointed out very clearly, from the sugar industry itself, and the excise taxes levied on the industry are not paid by the consumer because the total production of sugar is geared to our needs and the price paid by the consumer is dependent on that balance between supply and demand rather than the arbitrary levying of an excise tax and the paying of additional compliance payments. As an illustration, I should like to mention one plantation producer which markets approximately 80,000 tons of sugar a year. The Government collects \$800,000 from the sugar produced by this plantation. The plantation gets back, on a severely scaled down payment, something in excess of \$500,000, leaving about a quarter of a million dollars net revenue to the Government from which payments are made to beet producers who, incidentally, receive a larger payment, in the aggregate, than the amount of the taxes collected on the sugar they produce. It should be noted also that such a plantation will carry a pay roll of from 3,000 to 3,500 persons who, together with their families, would constitute a substantial number of people forming a community entirely dependent on that plantation pay roll for their livelihood. If the total number of these people were divided into the amount of the conditional compliance payments, the pro rata per working member would be a very modest sum.

These payments are made to the sugar producers in order to help them maintain the high standards required by the Sugar Act not only as regards pay but conditions of labor generally, and if these payments were further reduced or eliminated the plantations could not survive and maintain their present position as efficient producers.

It has been said that this legislation should be adopted quickly because the Sugar Act of 1937, the existing law, expires on December 31, 1941.

Although that is true the marketing quotas and the conditional payments continue until June 30, 1942. Practically there is no need for haste in considering equitable sugar legislation. Even if the present law expires without being replaced immediately, there will be ample time early next session to consider a much better bill than the one now before the committee. In fact, with the limitations on acreage and marketing quotas entirely removed, there is no necessity for sugar legislation in the immediate future. The argument was put forth by Senator O'Mahoney that the sugar industry needs a cushion to save it from the chaos likely to occur when the present situation terminates and the sugar industry is again placed on a quota system, which will represent severe restrictions on its total productive capacity. This bill provides such a cushion for the continental producers but reduces the protection of the cushion insofar as Hawaii and Puerto Rico are concerned.

We need in Hawaii the same protection that mainland producers need. We are no more able to compete with sugar produced in Cuba

or Java or the Philippines than are the producers on the mainland. It cannot be argued that this bill should provide such a cushion in an increased quota for mainland producers to the detriment of Hawaii and reduce the quotas of those two producers in order to make this cushion serve only two of the domestic producing units out of five sugar producing units under the American flag. For that reason, I hope, Mr. Chairman, this committee will not report out this bill and that the legislation will be taken up with an opportunity for those most deeply concerned to be heard. If the bill is reported out, I wish to propose two amendments that would remove part of my objection to it. One would be on page 2 of the bill, to restore the percentages now in the Sugar Act of 1937; to strike out the table following the word "basis" on line 3 of page 2, and reinsert the percentages incorporated in the Sugar Act of 1937. My second amendment would apply to the distribution of the Philippine deficit on page 3 in line 21, striking out all the language following on that page and on page 4 down to line 20, inclusive, and reinserting the provisions of the Coffee bill. This measure would allocate the Philippine deficit by first reserving 100,000 tons to foreign countries other than Cuba, being in effect the difference between the duty-free quota and the total quota in the Sugar Act of 1937. This provision should meet the objections of the State Department and preserve to such foreign countries the same amount they have heretofore received. This measure is practically the same as the one introduced in the Senate by Senator O'Mahoney, I believe. Any deficit beyond the 100,000 tons reserved to foreign countries, other than Cuba—in other words, any deficit in duty-free quota would be shared proportionately between all domestic sugar producers in accordance with the percentages established in the existing law. I would like to read the language of that bill; it was reported out of the House committee and is pending on the House calendar.

(Delegate King's proposed amendments are as follows:)

PROPOSED AMENDMENT TO H. R. 5988

On page 3 strike out all language commencing with line 21 down to and including line 20 on page 4, and insert in lieu thereof the following:

"(1) revise the quota for domestic areas by prorating among such areas, on the basis of the prorations of the quota then in effect for such areas, an amount of sugar equal to so much of the deficit so determined as constitutes a deficit in the duty-free quota, and (2) revise the quota for foreign countries other than Cuba by prorating to such foreign countries, on the basis of the prorations of the quota then in effect for such countries, an amount of sugar equal to the remainder of the deficit so determined."

On page 2 line 2, strike out table and after "basis" insert:

"Area	Percent
"Domestic beet sugar.....	41. 72
Mainland cane sugar.....	11. 31
Hawaii.....	25. 25
Puerto Rico.....	21. 48
Virgin Islands.....	. 24"

Mr. Chairman, S. 2041-H. R. 5988 is not good legislation and I hope this committee will not report it out.

The CHAIRMAN. Thank you very much.

Mr. KING. May I have permission to incorporate in the record the tables which I submitted as part of my statement?

The CHAIRMAN. They will be incorporated, copied in the record.

(The tables submitted by Mr. King are as follows:)

TABLE I.—Comparison of Sugar Act of 1937 with H. R. 5988 and S. 2401—Quotas

Area	Basic quotas							In-crease	De-crease
	Sugar Act of 1937			H. R. 5988 and S. 2401					
	Per-cent of total	Per-cent of group	Tons	Per-cent of total	Per-cent of group	Tons			
Domestic beet sugar.....		41.72	1,549,898		42.49	1,611,986	62,088		
Mainland cane.....		11.31	420,167		11.52	437,016	16,879		
Hawaii.....		25.25	938,037		24.72	937,827		210	
Puerto Rico.....		21.48	797,982		21.03	797,837		145	
Virgin Islands.....		.24	8,916		.24	9,106	190		
Total domestic.....	55.59	100.00	3,715,000	56.77	100.00	3,793,802	79,157	355	
Commonwealth of the Philip-pine Islands.....		34.70	21,029,782		34.70	21,002,437		27,345	
Cuba.....		64.41	1,911,476		64.41	1,860,720		50,756	
Foreign countries other than Cuba.....		.89	26,412		.89	25,711		701	
Total Philippine Islands and foreign.....	44.41		2,967,670	43.23	100.00	2,888,868		78,802	
Grand total.....	100.00		6,682,670	100.00		6,682,670	79,157	79,157	

¹ Minimum quota for domestic areas.² In no event less than the duty free quotas (approximately 982,663 tons).

Portion of total quota which may be direct consumption sugar:

	Tons raw value equivalent			Tons raw value equivalent	
	Sugar Act of 1937	H. R. 5988 and S. 2401		Sugar Act of 1937	H. R. 5988 and S. 2401
Beet.....	All	All	Virgin Islands.....	None	None
Mainland cane.....	All	All	Philippine Islands.....	80,214	80,214
Hawaii.....	29,616	29,616	Cuba.....	375,000	390,000
Puerto Rico.....	126,033	126,033	Other foreign.....	All	All

TABLE II.—*Comparison of Sugar Act of 1937 with H. R. 5988 and S-2401*
 Dec. 204 (a). REDISTRIBUTION OF DEFICITS IN AREA QUOTAS
Sugar Act of 1937 *H. R. 5988 and S-2401*

DEFICIENCY IN ANY DOMESTIC AREA OR CUBA

Prorated to other domestic areas and Cuba, and any portion such areas cannot supply is to be prorated to "Other foreign."

Prorated to other domestic areas and Cuba, and any portion such areas cannot supply is to be prorated to "Other foreign."

DEFICIENCY IN PHILIPPINE ISLANDS

Prorated to "Other foreign."

Prorated as follows:

(1) To beet area and mainland cane area an amount equivalent to the deficiency in duty-free refined sugar as per Philippine Islands Independence Act (50,000 long tons refined).

(2) To "Other foreign" not in excess of 100,000 tons of the remainder of such deficit after effect of (1) hereof.

(3) To Hawaii, Puerto Rico, Virgin Islands, and Cuba, prorata, the remainder, if any, of such deficit in excess of 100,000 tons, after effect of (1) hereof;

Provided: Except for (1) hereof, no such proration of deficiency may be filled by direct-consumption sugar.

DEFICIENCY IN "OTHER FOREIGN" FOR CALENDAR YEAR

To remaining "Other foreign."

Prorated as follows:

(1) To "Other foreign" to extent of ability to fill.

(2) Remainder, if any, after (1) hereof, prorata to domestic areas and Cuba.

TABLE III.—*Comparison of Sugar Act of 1937 with H. R. 5988 and S. 2401—Conditional Compliance Payments*

Sugar Act of 1937				H. R. 5988 and S. 2401			
Tons	Rate per hundred-weight in cents	Payment		Tons	Rate per hundred-weight in cents	Payment	
		This tonnage increment	Total to this tonnage			This tonnage increment	Total to this tonnage
0 to 500	60.0	\$6,000	\$6,000	0 to 350	80.0	\$5,600	\$5,600
500 to 1,500	55.0	11,000	17,000	350 to 700	75.0	5,250	10,850
1,500 to 6,000	52.5	47,250	64,250	700 to 1,000	70.0	4,200	15,050
6,000 to 12,000	50.0	60,000	124,250	1,000 to 1,500	60.0	6,000	21,050
12,000 to 30,000	47.5	171,000	295,250	1,500 to 3,000	55.0	16,500	37,550
Above 30,000	30.0			3,000 to 6,000	52.5	31,500	69,050
Example, 50,000	30.0	120,000	415,250	6,000 to 12,000	50.0	60,000	129,050
				12,000 to 30,000	47.5	171,000	300,050
				Above 30,000	30.0		
				Example, 50,000	30.0	120,000	420,050

Amounts of payments at various tonnages produced:

Tons	1937 act	H. R. 5988 and S. 2401	Tons	1937 act	H. R. 5988 and S. 2401
350.....	\$4,200	\$5,600	6,000.....	\$64,250	\$69,050
700.....	8,200	10,850	12,000.....	124,250	129,050
1,000.....	11,500	15,050	30,000.....	295,250	300,050
1,500.....	17,000	21,050	50,000.....	415,250	420,050
3,000.....	32,750	37,550			

TABLE IV.—Comparison of domestic sugar production in years 1931–33 with domestic quotas under sugar acts

Area	Average production years 1931–33	Final quota, 1 year, 1934, Jones- Costigan Act	Final quota compared with average production		Initial quota for year 1937 Jones- Costigan Act	Basic quota Sugar Act of 1937	Basic quota H. R. 5988 and S. 2401	Basic quota H. R. 5988 and S. 2401 compared with average production years 1931–33	
			In- crease	De- crease				In- crease	De- crease
Beet.....	1,481,950	1,556,166	74,216	-----	1,613,576	1,549,898	1,611,986	130,036	-----
Mainland cane.....	234,144	261,034	26,890	-----	270,664	420,167	437,046	203,902	-----
Hawaii.....	1,046,318	918,264	-----	169,554	976,685	938,037	937,827	-----	71,426
Puerto Rico.....	878,308	807,312	-----	24,870	831,508	797,982	797,857	45,744	-----
Virgin Islands.....	5,300	5,304	4	-----	5,462	8,916	9,106	3,806	-----
Total domestic.....	3,646,020	3,578,080	-----	-----	3,697,895	3,715,000	3,793,802	-----	-----

1 After including local consumption, 28,500 tons, raw value.

2 After including local consumption, 66,126 tons, raw value.

3 After including local consumption, 37,065 tons, raw value.

4 After including local consumption, 86,315 tons, raw value.

Compiled from official sources (all in short tons raw value).

TABLE V.—Comparison of Sugar Act of 1937 with H. R. 5988, if amended to domestic percentages of quota in 1937 Act

Area	Basic quotas						Increase	Decrease
	Sugar Act of 1937		H. R. 5988 and S. 2401 if amended to percentages division as in 1937 Act					
	Percent of total	Tons	Percent of total	Tons				
Beet sugar.....	41.72	1,549,898	41.72	1,582,774		32,876		
Mainland cane.....	11.31	420,167	11.31	429,079		8,912		
Hawaii.....	25.25	938,037	25.25	957,935		19,898		
Puerto Rico.....	21.48	797,982	21.48	814,909		16,927		
Virgin Islands.....	.24	8,916	.24	9,105		189		
Total domestic.....	100.00	3,715,000	100.00	3,793,802		78,802		

The CHAIRMAN. Mr. Dickey.

STATEMENT OF J. A. DICKEY, REPRESENTING ASSOCIATION OF SUGAR PRODUCERS OF PUERTO RICO

Mr. DICKEY. Mr. Chairman, there are four provisions of this bill, S. 2041, H. R. 5988, which we think are unnecessary and are unfair to us. Before taking up those specific provisions I do feel it is necessary just to give a little bit of background of our situation in Puerto Rico because, in general, the Members of Congress and the members of this committee have little opportunity to acquaint themselves with conditions existing there.

Quite different from other sugar-producing areas, Puerto Rico's existence depends almost entirely upon sugar. There is no alternative. When the price of other products is higher than sugar, Puerto Rico must produce sugar. The island's soil and climate do not permit of any other commercial type of agriculture that would provide more than a fraction of the income per acre of land provided by sugar. There is not even a county in the sugar-beet areas where sugar forms as large a proportion of the acreage of harvested crops as sugar does for the entire Island of Puerto Rico.

Sugar provides two-thirds of the income of the island from products sold. Sugar pays approximately 40 percent of all taxes paid into insular trade. Sugar provides the bulk of employment of the island's wage earners, and nourishes all the arteries of every commercial and industrial organism of Puerto Rico.

While the island is more dependent upon sugar for a livelihood than any other area supplying the mainland, yet the sugar sold in the mainland market represents only 10 to 12 percent of the mainland's consumption requirements. This 10 to 12 percent of the mainland sugar market is more important and more necessary to the existence of Puerto Rico than is any other area's portion of the mainland sugar market to that particular area.

It is for these reasons that legislation affecting sugar is extremely important to Puerto Rico.

The quota system has penalized Puerto Rico. When the quota system was first inaugurated through the Jones-Costigan Act, Congress, in the preparation of that act, spent several months in hearings and went carefully into all the questions as to any particular area's share in the domestic market. At that time, Puerto Rico was given a share in the domestic market based on the island's previous record of marketings. It was extremely unfortunate that the 3 years chosen as a base included 2 years in which the island's crop of sugarcane was seriously damaged by reason of drought and hurricanes. That it was unfortunate is shown by the fact that in the year following the base period the island harvested 30 percent more sugar than its quota under the Jones-Costigan Act.

In other words, the base period chosen consisted of 2 bad years together so it is not a fair index of Puerto Rico's ability to produce and is not representative for any purpose. Thus, while Puerto Rico's quota under the original Jones-Costigan Act was below the island's demonstrated ability to produce, and far below the amount necessary to even maintain, to say nothing of improving the economic and social conditions of the island, the island accepted this quota in the belief

that out of the experience gained from the operation of the act this condition would be corrected in the future.

Puerto Rico's record justifies an increased quota: Now, let us examine the record under the sugar-control program to date. The record shows that Puerto Rico is the only domestic area that produced its quota in every year under the sugar-control program. The island's record of production and marketing justifies the island's claim that its original quota was too low, and furthermore justifies an increase, if any increase is to be granted to any area.

When we further examine the record, we find that the 1937 Sugar Act not only failed to correct the injustice of the Jones-Costigan Act, but further reduced the island's quota by approximately 30,000 tons. Moreover, S. 2041, which is now before the committee, and is a duplicate of H. R. 5988, passed by the House without hearings of any kind, not only does not propose to remedy the injustices of the Jones-Costigan Act and the Sugar Act of 1937, by increasing the island's quota, but proposes to again reduce Puerto Rico's quota. The amount of the reduction is small, it is true, but how can anyone in the face of the record defend the failure to eliminate inequalities established in the original Sugar Act and perpetuated in the 1937 act, which reduces the island's quota below the amount necessary to enable the island to be self-sufficient, and below the island's demonstrated ability to produce.

The reasons for giving the island an increase of quota are self-evident, while there appears to be absolutely no reason for further reducing the island's quota. Careful consideration of the facts indicates that the only reason for again reducing Puerto Rico's quota is simply to demonstrate that the island does not have any vote in the Congress. This would appear to be an extremely un-American way of solving any problem. It is merely the strong taking advantage of the weak politically.

Puerto Rico penalized without justification: Such a procedure has no economic justification. The 130,000,000 sugar consumers will not be benefited, and the taxpayer will not be benefited. In effect, there is no economic justification for not increasing the quota of Puerto Rico.

The fact that the bill is not based upon any fair and reasonable consideration of the situation is also seen in the fact that it proposes to consider Puerto Rico and Hawaii along with foreign areas in the matter of distribution of any Philippine deficit. Certainly there is no advantage to the consumer, taxpayer, or any other phase of our national life by taking Puerto Rico and Hawaii out of the domestic group and including them in the foreign group in the reallocation of any Philippine deficit.

In the first place, it is obvious to anyone at all familiar with the sugar situation that the Philippine deficit is of no importance to any area so long as the war lasts. Every area in the Western Hemisphere will be urged to produce all the sugar that it can produce so long as the war lasts. Then we might ask ourselves, what could possibly be the justification for including Puerto Rico and Hawaii in with foreign areas in this connection. The answer is: There is none.

That there is no justification is further indicated by the fact that it is apparent to anyone that if there had been any advantage in the

reallocation of any Philippine deficit that advantage would never have accrued to Puerto Rico and Hawaii, as evidenced by the fact that it is proposed to reduce the basic quota of these two areas. Thus, it is obvious that while all areas will have a chance to produce about all the sugar they can produce for the next years—certainly so long as the war continues, to take this means of writing into the law that which, on the face of it, only results in discrimination, is not justified by any type of reasoning we can think of at this time, and it is for that reason, for those two things in the bill, that we have asked for relief. The least that can be done would be to give us back the percentage share we had in the 1937 act, and restore to us the position we had in the reallocation of any Philippine deficit. This would not injure anyone and would show a high degree of fairness, an effort to deal with all areas regardless of their position geographically in a fair and American way which the present condition of the world indicates is the least that can be done.

Mr. Chairman, there are two other points I would like to cover. May I submit this for the record and have it copied in?

The CHAIRMAN. It will be inserted in the record.

(The extension of Mr. Dickey's remarks is as follows:)

Mr. DICKEY. Continues injustice in the matter of refined sugar quota: S. 2041 continues the discrimination against Puerto Rico and Hawaii in the matter of refined sugar. There is no more justification today for denying American citizens in Puerto Rico and Hawaii the right to market their sugar in any form that they see fit than there was when the 1937 Sugar Act was written. Certainly the main-mainland consumer, the taxpayer, nor any other group would be penalized in any way by according Puerto Rico and Hawaii fair treatment in this respect.

In addition to these discriminations against Puerto Rico, the 1937 Sugar Act established a scale-down of refund payments which falls heaviest upon Puerto Rico and Hawaii. The scale-down is based on the size of the producer. The payment for large producers is about half the amount of the tax. In view of the fact that a large portion of the sugarcane in Puerto Rico can only be produced under large-scale operations, this is a penalty against large operations. It is no more possible to grow sugarcane in certain areas of Puerto Rico on small scale farming operations than it is to maintain a successful sheep ranch in Wyoming on 10 acres of land.

Under the operation of the Sugar Act in which the quota has over most of the period been sufficiently large to result in passing the tax back to the producer of sugar, the tax on the sugar of large producers is more than the refund payment. In the areas in Puerto Rico in which sugar is produced on large farms, either expensive drainage or irrigation facilities is essential. These facilities cannot be maintained efficiently under small-scale operations. The lands which have been drained or irrigated are lands that would not be cultivated at all except in large scale units. Thus, a scale-down in benefit payment discourages an efficient utilization of lands requiring irrigation or drainage. In view of the fact that much of the land in Puerto Rico must be irrigated or drained, the scale-down of payments puts a penalty on efficient use of the island's only resources; namely, its agricultural lands. Moreover, under normal market conditions this would give areas where large-scale operations are practiced, such as

Cuba, an unfair competitive advantage, and might easily upset the entire economy of the island.

Puerto Rico is an organized territory, an indivisible part of the United States, subject equally with the 48 States to all Federal selective service acts, immigration laws, tariff measures, and labor legislation. The National Labor Relations Act, the Social Security Act, and the wages and hours bill, S. 2475, all apply equally to Puerto Rico and the several States. Puerto Rico accepts its share of the burdens and responsibilities of the Nation just as does any other one of the many units that make up the Nation. Nevertheless, when it comes to sugar legislation it is forced to accept treatment that only some imperialistic form of government would enforce upon its subjects.

S. 2041 in no way proposes to rectify any of the disadvantages and discriminations against Puerto Rico and Hawaii, which now exist and for which there is no justification, economic or otherwise.

It is urgently requested that the table on page 2, beginning on line 2 of S. 2041, be so amended as to give Puerto Rico the same percentage share, namely, 21.48, as provided in the 1937 act. Furthermore, it is requested that on page 3, beginning with line 21, all on that page be stricken out and all on page 4 through line 19 be stricken out, and the following substituted:

(1) Revise the quota for domestic areas by prorating among such areas, on the basis of the prorations of the quota then in effect for such areas, an amount of sugar equal to so much of the deficit so determined as constitutes a deficit in the duty-free quota; and

(2) Revise the quota for foreign countries other than Cuba by prorating to such foreign countries, on the basis of the prorations of the quota then in effect for such countries, an amount of sugar equal to the remainder of the deficit so determined.

Likewise, it is proposed that the table on page 6 be changed so as to eliminate the last three categories beginning with 6,000 tons, and the following substituted to read "more than 6,000 tons, \$0.275."

Senator DAVIS. Did I understand you to say there were no hearings held on this bill in the House?

Mr. DICKEY. None. The Delegate from Hawaii just said—before you came in Senator—there were no hearings held or reports asked from any of the departments.

The CHAIRMAN. Mr. Greene, Hawaiian Sugar Planters' Association.

STATEMENT OF ERNEST W. GREENE, REPRESENTING HAWAIIAN SUGAR PLANTERS' ASSOCIATION

Mr. GREENE. My name is Ernest Greene. I appear on behalf of the sugar producers in the Territory of Hawaii.

Hawaii is an incorporated Territory of the United States. Its sugar production is a part of domestic sugar production and is entitled to equal treatment with any one of the sugar-producing States.

Mr. Chairman, it is desirable that the quota system should continue. It has been aptly characterized as a cushion in event of disorderly conditions in the sugar market, sugar production, and in the distribution of sugar in this country if after the present emergency such conditions might tend to arise. It is desirable to have a quota system on the statute books to provide such cushion. Our objection is that H. R. 5988 has two sharp pins in that part of the cushion provided for the Territory of Hawaii.

The CHAIRMAN. And Puerto Rico?

Mr. GREENE. And Puerto Rico. And its sharp pins are that notwithstanding the fact that during this emergency the terms of the existing act are sufficiently flexible to provide for the transfer of deficits so that if the demand for sugar exists as it does today and as it probably will during the remainder of this emergency, every producer able to do so can grow and market as much sugar as he can produce. The pins are when we sit on our part of the cushion and find—No. 1—that which would be established by the enactment of 5988, that certain other domestic areas are to have increases in their quotas while we are held rigidly at what in its basic form represents a very considerable restriction upon our capacity; and pin No. 2 is that we would find ourselves with respect to the distribution of deficiencies facing a precedent in H. R. 5988 whereby we had been removed from the equal status with respect to quotas where Hawaii is now, in the 1937 act, and relegated to a second and third category as compared with the sugar-beet area and sugar-cane area of the mainland in a distribution of the deficiency.

The Sugar Act of 1937 provided a schedule of percentage distribution, among the several domestic areas, of that part of the total sugar consumption of the United States allocated to domestic areas. The percentages in that act were determined after lengthy hearings and a careful study of the entire sugar situation. Section 202 of the Sugar Act of 1937 allocated to Hawaii 25.25 percent of the total quota allocated to all domestic areas.

We protest the percentage division among domestic areas which is incorporated in section 202, as amended by H. R. 5988, and which reduces the share of Hawaii to 24.72 percent in order to provide shares larger than those allocated by the 1937 act to certain other areas.

Tables and comparisons previously presented to this committee by the Delegate from Hawaii show that sugar producers in Hawaii were compelled by the original sugar-quota legislation in 1934 to reduce their actual production at that time. This basic restriction has persisted up to the present time. It is now proposed, by the terms of H. R. 5988, to limit Hawaii to this restricted production while permitting further expansion in other areas. We protest discriminatory treatment.

Section 2 of H. R. 5988 would amend section 204 of the Sugar Act of 1937 by changing the disposition of any deficiency in the quota of the Philippine Islands. It would provide a first category for the beet-sugar area and mainland sugar-cane area and relegate Hawaii to a third category. Hawaii should be on a parity with the other domestic areas with respect to any Philippine deficiency, as well as in all other matters, and should have its proportionate share in terms accorded to other domestic producers in any domestic area.

We believe that the variations proposed by H. R. 5988 from basic principles established in the Sugar Act of 1937, are important and far reaching in their effects. If any of them are intended to meet conditions of the present emergency the language of the bill does not disclose such intent. The changes are made parts of permanent legislation and will undoubtedly be cited as precedents if enacted.

We protest the continuation of the discrimination contained in section 207 (a) of the Sugar Act of 1937, which, upon a basis different

from that applied to other areas, restricts that portion of the sugar quota of Hawaii which may be shipped in the form of direct-consumption sugar.

It is true that the extension of sugar-quota legislation, as embodied in the Sugar Act of 1937, is desirable. We protest, however, the important and far-reaching changes proposed by H. R. 5988 in certain of the basic principles in the Sugar Act of 1937.

The CHAIRMAN. Mr. Quinn.

STATEMENT OF ARTHUR L. QUINN, REPRESENTING REFINED SUGAR INDUSTRY OF PUERTO RICO

Mr. QUINN. I just want to speak for about 1 minute in behalf of the refined sugar industry of Puerto Rico.

As you know this bill continues the restriction on the manufacture of refined sugar from Puerto Rico to the United States. I want to leave this thought with the committee: Ordinarily, the United States today is dependent upon facilities located between Boston and Baltimore for over 50 percent of the refined sugar we consume, and I want to raise the question as to whether or not that is a healthy situation in view of this emergency situation which confronts us now, and to request this committee——

The CHAIRMAN (interposing). You are speaking of cane sugar?

Mr. QUINN. Yes; over 50 percent of the facilities for refining cane sugar are located within a 500-mile radius, between Boston and Baltimore, and it is on that basis I want to leave the thought with this committee to request the removal of the restriction on the manufacture of refined sugar from Puerto Rico for shipment to the mainland.

Senator DAVIS. How many employees are there in the refinery business between Baltimore and Boston?

Mr. QUINN. It would be just a guess, Senator, but I would imagine it would be about 10,000.

Senator DAVIS. What is the difference between wages here and Puerto Rico, here and there, where they do their own refining?

Mr. QUINN. As you know there is a differential in this country between the North and the South, and our wage scale would compare very favorably with the wage scale in the South.

The CHAIRMAN. Mr. Ferris, Florida producers.

STATEMENT OF JOSIAH FERRIS, JR., REPRESENTING PRODUCERS OF CANE SUGAR IN FLORIDA

Mr. FERRIS. My name is Josiah Ferris, Jr. I am an officer of the United States Sugar Corporation and speak for and on behalf of the producers of cane sugar in Florida.

Florida sugar producers are opposed to the companion bills H. R. 5988 and S. 2041 because they serve no useful purpose at this time. Existing legislation which these companion bills propose to extend for 3 years is, in effect, suspended "for the duration." Although it is not officially designated as "suspension," nevertheless the existing quotas because of their huge size, far in excess of actual consumption, are in reality a suspension of current restrictions. We have been informed, through public announcements, that the Secretary of Agriculture, under the powers vested in him by current and proposed legislation,

intends to continue present excessive quotas, or no quotas. It is thus clear that any continuation of existing sugar legislation, or any new legislation at this time, can only result in continuing the existing non-existence of quotas.

We are today facing a situation which requires all-out effort on the part of all of us—we should not attempt to find ways and means of restricting the much needed output of a nonsurplus crop.

Florida producers sincerely believe that the passage of any sugar legislation would be ill-advised.

Senator DAVIS. How many acres of sugar-producing land are there in Florida?

Mr. FERRIS. Approximately 30,000.

The CHAIRMAN. Mr. Bunker.

STATEMENT OF ELLSWORTH BUNKER, REPRESENTING UNITED STATES CANE SUGAR REFINERS' ASSOCIATION

Mr. BUNKER. Mr. Chairman, I have a short letter which summarizes our viewpoint on the bill which I would like to present and make a brief statement for the record.

The CHAIRMAN. Do you wish it to go in the record?

Mr. BUNKER. Yes; if I may.

The CHAIRMAN. All right.

Mr. BUNKER. I don't want to make any lengthy statement about the bill except to say that I think that as far as our industry is concerned, it maintains about the present status quo on the volume of business available to us.

The CHAIRMAN. You are the refiners?

Mr. BUNKER. Yes; I represent the United States Cane Sugar Refiners' Association, and we feel, both labor and management in the industry, that this represents a fair method of approach to a problem which has been controversial for a good many years, and it has the merit of providing stability in the extension of the act for a period of 3 years. We feel it deserves support on that basis.

The CHAIRMAN. It maintains the status of the domestic cane producers?

Mr. BUNKER. It leaves the cane refiners in about their present status which, I have pointed out at past hearings, was established pretty close to the minimum when the '34 act was passed and has not been changed; but we are satisfied to go along for the present on that basis.

The CHAIRMAN. Any questions, Senator?

Senator VANDENBERG. No.

(The letter referred to by Mr. Bunker is as follows:)

DECEMBER 9, 1941.

HON. WALTER F. GEORGE,

Chairman, Senate Finance Committee, Washington, D. C.

DEAR SENATOR GEORGE: The bill, S. 2041, which is now being considered before the Senate Finance Committee, has the principal purpose of extending the Sugar Act of 1937 for 3 years. Although the bill is not completely satisfactory to all elements in the American sugar system, and although it may be advisable to amend it in certain minor particulars, nevertheless we believe that on the whole the bill is satisfactory and we recommend that it be enacted by Congress.

The most important question raised by any sugar legislation from our point of view is naturally this, "Does the proposed legislation maintain the volume of business which is now assigned by the quotas to the continental cane sugar refining industry?" S. 2041 neither increases nor decreases the volume of refining

done by our industry. The bill does decrease the quota now assigned to the refining industry in Cuba, but this reduction in Cuban refining does not inure to our benefit because it is largely offset by an expansion of the refined beet-sugar quota.

In any sugar legislation a second point arises, "Does the bill in question raise the price of sugar to consumers?" Our industry is opposed to high prices. S. 2041 does not increase the excise tax on sugar nor does it reduce the total quantities of sugar made available to the market. Consumers are not affected in one way or another.

We have read the bill with the third consideration in mind, "Does this bill prejudice the long-run position of sugar producers in the American islands, in Cuba, and in other Latin-American countries?" We are opposed to any sugar legislation which would hurt the sugar-producing islands primarily because we are a processor of raw material produced by those islands. The bill does not modify the present quota assigned to Puerto Rico, and the sugar industry in that island is now in a boom.

From the point of view of Cuba, the most important feature of the proposed bill is that it extends the present sugar plant for 3 years. Cuba is to continue to have a guaranteed share of the American market. In addition, under the contemplated revision of the Cuban reciprocal trade agreement, Cuba is to obtain a reduction in the duty of her raw sugar to 75 cents per hundred pounds, the lowest on record. The quota system under the Sugar Act and the reduced duty under the Cuban reciprocal trade agreement are integral parts of one general American sugar policy.

It is true that the proposed bill provides for reduction of some 53,000 tons in Cuba's basic quota. The value of this sugar, at current price levels, is less than one-half of the increase in income which Cuba will obtain from the contemplated reduction in her duty.

S. 2041 also promises Cuba an additional \$16,000,000 income because the bill would assign her a substantial portion of the so-called Philippine deficit.

During the present emergency Cuba's sugar income will be larger than it has been in any period since the prosperity years of the 1920's. Cuba's position after the emergency will be greatly helped by the passage of the bill before us. Under its provisions she will obtain a quota not substantially different from that which she has received in recent years, and in addition, she will continue to receive a protected price behind the American quota wall.

We must oppose any legislation in sugar which would be patently harmful to the future of Cuba. We sincerely believe that the present bill will not be contrary to her interests in the long run.

We emphasize that the extension of the Sugar Act for 3 years is one of the most salutary features of the bill. It will be a distinct advantage to labor, agriculture, and management in the American sugar system, including Cuba, to know that the stabilizing effect of the quota system will be in existence after the present emergency is over.

In summary, this bill, S. 2041, at least maintains the present annual volume of the cane sugar refining industry. It holds no provisions to raise the price of sugar to the detriment of consumers. On balance, the bill does not prejudice the long-range outlook for sugar growers and processors in Cuba and other Latin-American countries and finally, the bill by extending the Sugar Act for 3 years will bring assurances to consumers and to all sugar groups—domestic and foreign. A 3-year extension of the quota system is a constructive step. We see no reason why the various branches of the sugar industry should not give S. 2041 their support.

Respectfully yours,

ELLSWORTH BUNKER,

Chairman of the United States Cane Sugar Refiners Association.

(Extension of remarks by Mr. Bunker is as follows:)

Mr. BUNKER. My name is Ellsworth Bunker and I appear before you as chairman of the United States Cane Sugar Refiners' Association. Our association has as its members those companies in continental United States which are engaged principally in the refining and distribution of cane sugar. The plants in our industry, which produce about two-thirds of all the refined sugar consumed in this country, are located in California, Texas, Louisiana, Georgia, New York, Maryland, Pennsylvania, New Jersey, and Massachusetts. To a limited extent cane-sugar refining is done in Indiana and Wisconsin.

The cane-sugar refining industry, standing between the producer of raw sugar and the consumer of refined sugar, is an integral and indispensable part of the American sugar system. When any sugar legislation is proposed in Congress, we, of course, must appraise that legislation from the point of view of its effect upon our employees, our stockholders, and our customers. The question foremost in our minds is this: What effect will the legislation in question have upon the volume of business; that is, the amount of refining, which can be done by us?

The amount of refining determines how much work can be made available to our employees; it is an important factor in determining the returns to stockholders and, of course, it determines whether or not we are able to furnish sugar in normal quantities to our customers.

As the members of your committee well appreciate, the present sugar quota law, which has been in effect since 1934, regulates the marketing of raw and refined sugar by all groups. For our industry, this means essentially that the quotas regulate the quantity of raw cane sugar which we may purchase. Because the quotas limit our purchase of raw sugar, they necessarily place a ceiling upon the amount of sugar which we can melt, refine, and market. It is for this reason that our industry has consistently opposed any modification in the Sugar Act which would change the quotas on raw or refined sugar in such a way as to reduce our permissible volume of business. Any other position on our part regarding quotas would be a violation of our trust to the 18,000 men and women who work in the industry and to the thousands of persons who have an investment in it.

A second question which we, as managers of the industry, must raise with reference to any sugar legislation is this: Will the legislation tend to raise sugar prices to the consumers of our product?

Our industry always is harmed by unduly high prices. As a matter of fact, our economic interests are best served when prices are moderate and reasonably steady. Excessively high prices bring an unfavorable reaction from household and industrial consumers of sugar with a subsequent decrease in consumption. Unstable and fluctuating prices, on the other hand, increase the financial risk inherent in our industry and, I might add, that those risks are considerable. The earnings which have accrued to our industry since the Sugar Act has been in effect have been extremely moderate and much lower, as a percentage of investment, than any other branch of the American sugar system. High sugar prices, with erratic fluctuations, would tend to further depress our earnings.

A third question which we must raise regarding any sugar legislation is this: Does it prejudice the economic and financial position of the raw cane-sugar producers from whom we obtain the great bulk of our raw materials?

Obviously, if the growers and processors of raw sugar in the American insular areas, in Cuba, and in other Latin-American countries, are harmed by sugar legislation, the effect will be, in the long run, that they will produce and ship less sugar to us. If the economic future of these tropical areas is depressed or hampered by sugar legislation, our supply of raw material would be placed in jeopardy. We must have raw sugar to operate our plants and to furnish consumers with their requirements.

Furthermore, I must point out that our industry is located on the seaboard of the United States and there are many businesses and

thousands of workers outside of the sugar-refining industry, whose economic interests are vitally affected by the quantity and value of the trade of the United States with the sugar-producing islands. We believe that that trade should be maintained in normal volume for the mutual benefit of the tropical islands on the one hand and of the United States on the other. It is especially important at this time that nothing should be done in sugar legislation which would be patently harmful to Latin America.

And lastly, there is one feature of any sugar legislation which is of fundamental interest to us, and that is:

How long is the legislation going to be in effect?

Our industry, along with any other American business, seeks to have a maximum degree of permanency in any Federal legislation under which it operates. The members of this committee will recall that sugar legislation has been before Congress almost every year since 1934. In the spring and summer of 1941, the representatives of the sugar industry testified at great length before Congress with respect to a revision of the Sugar Act. No legislation was put into effect.

We recognize that the sugar problem is a difficult one. Any legislation relating to the industry must of necessity be difficult to evolve. Controversies are certain to arise. The inevitable conflict of economic interests means that considerable time must be spent in the legislative process. On the other hand, I know that you appreciate that no group of businessmen, organized labor, or American agriculture, desires to spend any more time in Washington on this problem than is absolutely necessary. We wish to see the problem solved.

But we seek permanent legislation for a more fundamental and important reason. An extension of the Sugar Act merely from 1 year to the next necessarily makes it difficult for us, as well as for any sugar group, to plan for the future. We would like to know as far in advance as possible what the quotas are to be, what the sugar tax is to be, and what the prices are to be. This is particularly true during the present emergency. At this time all businessmen, whether in sugar or in any other industry, find it difficult to plan ahead because of the inevitable uncertainties arising out of our national-defense program.

It is for these general reasons that we are extremely hopeful that legislation can be worked out in this session of Congress which will extend the quota system for a maximum number of years.

I should like to consider, at this time, the particular bill, S. 2041, now before this committee. I should like to examine to what extent that bill meets the general requirements of legislation which we deem to be fair and equitable to our employees, to our customers, and to our stockholders. The first question is: Does the proposed legislation maintain the volume of business which is now assigned by the quotas to the continental cane sugar refining industry? The answer, in short, is yes.

Under the present act, assuming a basic level of consumption of 6,683,000 tons a year, the continental refiners are permitted to purchase approximately 4,437,000 tons of raw sugar. As I have explained before, we are able to obtain this approximate quantity of sugar as our raw material and consequently we are able to sustain a given amount of employment and sales. Under the provisions of S. 2041,

the beet-sugar industry's basic quota is increased by about 62,000 tons. But this additional sugar for the beet-sugar industry is obtained largely by a reduction in the direct-consumption sugar quota now assigned to Cuba. The net effect of this is a shifting of refined sugar quotas from Cuba to the beet-sugar industry without changing the present status of our industry. For all practical purposes, our position remains unchanged. Approximately the same amount of raw sugar will be made available to us.

The second question is: How does this bill affect the price of sugar to consumers? The bill extends the Sugar Act for 3 years. With sugar supplies under control by the Government, it can be anticipated that sugar prices will tend to be steadier than they would be in the absence of such control. I believe that all of the sugar groups affected by this bill are in agreement with me on this point. A wiping out of the quota system, at this time, certainly will not tend to make prices more stable.

As to the level of prices, this bill establishes the means to maintain a reasonable price of sugar to consumers, rather than a high one. I recognize that the future of sugar prices, just as the future of all prices in the United States, is extremely difficult to forecast. I am not making a forecast of sugar prices at this time. I merely point out that this bill promises to provide the means by which sugar supplies can be maintained during this emergency without unduly burdening consumers.

There is some doubt that the beet-sugar crop, during the coming year (1942) may be smaller than normal because of the desire of farmers to raise other competitive crops, now advancing in price. The production costs of the farmer are also rising. Broadly speaking, there are two alternative methods of raising the beet farmer's income in order to maintain normal production; the first is to raise the price of sugar which in turn would increase the market price of sugar beets, and the second is to increase the cash subsidies paid directly to farmers under the present Sugar Act. The statistical evidence appears to indicate that during this emergency it is more economical for the Nation to offset the higher costs of producing sugar beets and sugarcane by slightly increasing sugar subsidies, as proposed in S. 2041, rather than by offsetting higher costs by increasing the price of sugar.

It is my understanding that the increase in benefit payments, as contemplated by this bill, can be financed without increasing the present tax on sugar—a tax, of course, which is reflected in the consumer's price. A lower level of payments should be reestablished at the time that the Secretary of Agriculture finds that the additional payments are not necessary to maintain a normal volume of domestic sugar consumption.

We have read the bill S. 2041 with our third question in mind:

Does this bill prejudice the long-run position of sugar producers in the American islands, in Cuba, and in other Latin-American countries? We sincerely believe that it does not.

S. 2041 would expand slightly the sugar quotas for both Hawaii and Puerto Rico and it would grant them slightly higher benefit payments to offset their increase in cost which may arise during this emergency. All of the evidence indicates that in the coming year the economic and financial position of the sugar industry in Puerto Rico and Hawaii will be better than at any time since 1934. Prices are

remunerative, benefit payments are substantial and crops are not to be limited by quotas.

The position that Cuba would occupy under the proposed legislation cannot be understood without a short review of Cuba's position since 1934 under our new sugar policy. As the members of this committee well know, the Sugar Act of 1934 gave Cuba an assured volume of business in the American sugar market, and by reason of the fact that the duty on her raw sugar was substantially reduced under the Cuban reciprocal trade agreement, Cuba received a much higher price for her sugar here than she did previously. The net result of the larger volume of sales and a higher price was that Cuba received an income from the sale of her major commodity which was large enough to provide a reasonable degree of stability to her national economy.

From the point of view of Cuba, the most important feature of the proposed bill is that it extends the present sugar plan for 3 years. Cuba is to continue to have a guaranteed share of the American market. In addition, under the contemplated revisions of the Cuban Reciprocal Trade Agreement, Cuba is to obtain a reduction in the duty on her raw sugar to 75 cents per hundred pounds, the lowest on record. In a normal quota year the value of the contemplated reduction in duty is about \$6,000,000. It is true that this bill, S. 2041, does not provide directly for the duty reduction. But it is equally true that a duty reduction of this magnitude could not well be seriously considered unless the assumption was made that the quota system was to continue. It is also true that the continuation of the act assures Cuba that her present reduced duty will remain in effect. The quota system under the Sugar Act and the reduced duty under the Cuban Reciprocal Trade Agreement are integral parts of one general American sugar policy.

It is true that the proposed bill provides for a reduction of 53,000 tons in Cuba's basic quota. The value of this sugar at current levels is about \$2,400,000, which is less than one-half of the increase in income which Cuba will obtain from the contemplated reduction in her duty.

And there is a further possible compensation for the reduction in the Cuban quota. Under the present Sugar Act, Cuba has no guaranteed right to participate in any deficit which may arise in the Philippine quota. I call your attention to the fact that under the Philippine Independence Act there is a progressive export tax beginning this year on the so-called duty-free portion of the Philippine quota. The practical effect of this tax on Philippine sugar, which becomes 100 percent of the full duty rate by 1946, will be to reduce greatly the shipments of Philippine sugar to this country. The bill before us provides that any deficit in the duty-free Philippine quota of raw sugar is assigned to Puerto Rico, Hawaii, and Cuba. It is doubtful whether Hawaii has the power to produce any substantial amount of sugar in excess of her normal amount of shipments. As a result, the Philippine deficit will accrue largely to Puerto Rico and Cuba. If there should be in the future a 500,000-ton deficit in the Philippine quota, Cuba will receive about 70 percent, or 350,000 tons. The current value of this quantity of sugar which could be shipped from Cuba is estimated to be about \$16,000,000.

As spokesman for the continental cane sugar refining industry, I testified before a congressional committee at an earlier date this year that Cuba should obtain her fair share of the Philippine deficit.

Because of circumstances arising out of the war, Cuba in 1941 has obtained a gross sugar income substantially in excess of that on the average in recent years. In 1942 Cuba stands in a position to harvest a large crop at remunerative prices, and her gross sugar income for that crop promises to be about 50 percent higher than it was in recent quota years. Current prosperity in Cuba, arising from the war, gives her an opportunity to strengthen her position economically and financially for the reaction which will probably follow in her economy after this emergency. But Cuba's position after the emergency will be greatly improved by the passage of the bill before us. Under its provisions she will obtain a quota not substantially different from that which she has received in recent years, and Cuba will receive a protected price behind the American quota wall.

Adding all of these facts together, we are convinced that during the next 3 years, on the whole, the Cuban sugar industry will experience a period of relative prosperity. This, in turn, will have a beneficial effect upon our national policy of strengthening our economic and financial ties with Latin America. Cuba's income and trade will increase, and our trade with that island will reflect this increase. This is as it should be.

We must oppose any legislation which would be definitely harmful to the future of Cuba. I sincerely believe that the present bill will not be contrary to her interests in the long run.

The last and final question is this: Does this bill promise to inject some degree of certainty into the sugar industry generally? I believe that it does. This bill would continue the present quotas for 3 years. If the war should terminate suddenly to bring about a condition wherein there is an excess of sugar available to the American market, the quotas can be adjusted in such a way as to give an adequate price protection to domestic producers and to Cuba. On the other hand, if the war should continue, there is nothing in this bill which could prove to be contrary to the interests of producers or consumers. A continuation of the quota system, in short, offers the Government an opportunity to play a constructive role in the inevitable reaction which will occur in the sugar industry after the war without slowing down or obstructing, in any way, the Government's action during the emergency.

We emphasize that the extension of the Sugar Act for 3 years is one of the most salutary features of the bill. It will be a distinct advantage to labor, agriculture, and management in the American sugar system, including Cuba. All sugar groups should set aside their differences for this period in order to gain a maximum benefit for all.

Fourth. In summary, this bill, S. 2041, at least maintains the present volume of the cane sugar refining industry. It holds no provisions to raise the price of sugar to the detriment of consumers. On balance, the bill does not prejudice the long-range outlook for sugar growers and processors in Cuba and other Latin-American countries. And finally, the bill by extending the Sugar Act for 3 years will bring assurances to consumers and to all sugar groups—domestic and foreign. A 3-year extension of the quota system is a constructive step.

We see no reason why the various branches of the sugar industry should not give S. 2041 their support.

The CHAIRMAN. Mr. Patehin.

STATEMENT OF ROBERT H. PATCHIN, VICE PRESIDENT, W. R.
GRACE & CO., NEW YORK CITY

Mr. PATCHIN. My name is Robert H. Patchin. I am vice president of W. R. Grace & Co., New York, and I appear here on behalf of that firm and on behalf of the Peruvian-American Association, an organization of American business interests doing business with and having interests in Peru.

My interest and the interest of this association in this bill derives from the provisions of the act to the effect that deficiencies in the Philippine quota shall be reallocated to full-duty countries other than Cuba. These full-duty countries have under the basic quotas of the Sugar Act only about two-fifths of 1 percent of the total consumption of the continental United States, which works out in practice when the consumption ranges from six to seven million tons annually, to something like from twenty-four to twenty-seven thousand tons for all full-duty countries other than Cuba, and until about 1937 they had no means of increasing their share in our market except proportionately.

At that time the Sugar Act was amended to provide that Philippine deficits when incurred would be reallocated among the full-duty countries other than Cuba, and that corrected a feeling on their part that they were being discriminated against, and they hoped as consumption grew and the Philippine deficit grew they would get a larger share. In 3 of the 4 years since that time these foreign countries, other than Cuba, have shipped more sugar into the United States, chiefly Peru, San Domingo, and Haiti. The Fulmer bill provides that the amount of the Philippine deficit allocable to full-duty countries hereafter should be limited to 100,000 tons—it puts a ceiling on what they may get from the Philippines. The statement was made here today indicating the belief that this 100,000 tons is about as much as the full-duty countries other than Cuba have ever shipped in. We say that is not the case. For instance, this year the Department of Agriculture figures show that for 11 months ending December 1, the foreign countries other than Cuba have shipped into the United States 181,806 short tons of sugar, and there is still more to come afloat from some of those countries which might well bring it up close to 200,000 tons.

Senator VANDENBERG. Wasn't that 100,000-ton figure based on the total prior to any participation in the Philippine deficit? Wouldn't that be true?

Mr. PATCHIN. I don't think the foreign countries have ever been shipping in any more than twenty-six or twenty-seven thousand tons without the aid of sugar reallocated from the Philippine deficit.

Senator VANDENBERG. That was the point.

Mr. PATCHIN. The effect of the Fulmer bill is it freezes their part of the Philippine deficit to very much less than they would get if the law remained unchanged. Of course, there is an indication that there will be a much larger deficit during next year and these foreign countries will certainly feel very much disappointed that they cannot participate to a larger extent. They will feel, I am sure, that just as soon as this law, existing law, has begun to yield something to their benefit, it is curtailed. That is a very bad situation to have at this time when our defense policy calls for close cooperation with countries like Peru and

San Domingo and other countries who are supplying sugar. It also would seem that to limit to 100,000 tons the sugar which the United States can obtain from foreign countries other than at a time when a sugar shortage threatens here would be poor policy.

The Peruvian-American Association, whose members are engaged in a wide pursuit of trade, commerce, and industry in Peru, presents this letter addressed to the committee:

Peru is traditionally one of the best friends the United States has in the Western Hemisphere. It is probably safe to say that no country has shown, over the course of the years, a greater disposition than Peru to cooperate with the United States on international affairs, or a more favorable treatment to American economic interests.

Yet, Peru has been, for the last several years, one of the Latin-American countries least favored by the United States. In the financial field, for instance, Peru has not to date participated in the credits that are being extended to other countries for the stabilization of exchange, the development of new industries, or the construction of public works. In the economic sphere, Peru has for years awaited, and is still awaiting, the conclusion of a trade treaty with the United States which might permit a mutually desired and mutually beneficial increase in the export and import trade of both countries with each other.

A source of profound disappointment to Peru in her economic relations with the United States, has been the treatment accorded to Peruvian sugar under the United States Sugar Act of 1937, which in effect allotted to that country a basic participation of less than one-tenth of 1 percent of the total quota. The insignificance of this allotment may best be appreciated from the fact that, out of the total initial quota of 6,616,817 tons for 1941, the basic participation of Peru, with an annual production in excess of 400,000 tons, was only 5,748 tons.

The unfortunate impression created by the above limitation was alleviated, however, by the partial redress promised by section 204 of the act. This section in substance provided that (a) in the event of failure of the Philippine Islands to fill their quota for any one year, their deficiency should be prorated to foreign countries other than Cuba, and that (b) in the event of failure of any countries other than Cuba to fill the quotas or deficiencies prorated to them, their deficiencies should in turn be prorated to foreign full-duty countries having filled their own quotas and prorations.

Peru was thus led to expect that, notwithstanding the insignificance of her initial yearly quotas, her position would be remedied whenever the Philippine Islands should fail to fill their quota. So long as the operation of this provision seemed far removed, the provision was allowed to remain unchanged, and Peruvian producers were allowed to nurse their hopes for their eventual redress under the terms thereof, and this turned out to be the case.

This year, through the development of a substantial gap in the Philippine quota, and through the failure of other full-duty countries to fill the Philippine deficiencies reallocated to them, Peru has had the long-awaited opportunity to increase substantially her participation in the world's sales of sugar to the United States, and her total shipments this year will be over 150,000 tons, her full quota as revised.

I should, at this time, point out that last year there was no Philippine deficit, so she got nothing additional from the Philippines only what some of the full-duty countries couldn't supply.

This has come, indeed, at a time to benefit not only Peru but the United States as well. On the one hand, Peru was faced by a severe economic crisis as a result of the loss of her European markets. On the other, the United States was not only in need of sugar, but was also anxious, for reasons of hemisphere defense, to relieve the dependency of Peru and other Latin-American countries upon the markets of Europe.

Just at this time, however, Peru is threatened by the Fulmer bill which, like the Adams-O'Mahoney bill introduced earlier this year, would, if enacted, be tantamount to a repudiation of the promise which, under the terms of the Sugar Act of 1937, has been held out to Peru and other full-duty countries during all

these years. Under the provisions of the Fulmer bill, Peru and the other full-duty countries, which are subject to a duty of 1.87½ cents per pound and which, in the aggregate, are already limited to an initial quota of less than two-fifths of 1 percent of the total initial quota, would be further limited to a participation of not more than 100,000 tons in the reallocation of future Philippine deficiencies, and this only after a prior allocation of a portion of this deficiency to domestic producers who already enjoy a participation of almost 30 percent of the total quota. And any Philippine deficiencies in excess of these allocations would be reallocated to Hawaii, Puerto Rico, the Virgin Islands, and Cuba, who already enjoy in the aggregate a participation of nearly 55 percent of the total quota and who further enjoy duty exemption or preferences.

What this would mean to Peru is that, even assuming a total failure in the Philippine quotas, her participation in the respective reallocations would be limited to approximately 22,000 tons, since Peru's share of the initial quota allotted to full-duty countries is roughly 22 percent. Thus, assuming that the other full-duty countries should fill their respective reallocations aggregating 78,000 tons, the doors of the United States would, in effect, be closed to all but 25,000 to 30,000 tons of Peruvian sugar (22,000 tons as above plus Peru's initial quota, which for 1941 was 5,748 tons), representing barely 7½ percent of Peru's sugar production. All of the good that has been done by the operation of the reallocation provisions of the Sugar Act of 1937, would thus be destroyed at one stroke by the Fulmer bill, to say nothing of the confusion that would surely be created in Peru by what to our good neighbors would be the incomprehensible act of taking away when its value has been proved a privilege that was granted when its value was problematical.

At the time of the Adams-O'Mahoney bill, considerable resentment was aroused in Peru, and opponents of our country's policy did not lose the opportunity to endeavor to promote ill-feeling, a similar reaction may very well occur if the Fulmer bill were enacted.

Entirely apart, however, from the hemisphere-defense phase of the good-neighbor policy, we must consider the detrimental effect that the enactment of this bill would have upon the future development of our foreign trade with Peru. We cannot expect to sell to Peru more than we will buy from her, especially at a time when her European markets are closed and she cannot depend on triangular balances to settle adverse bilateral balances in her trade with us. For the last 5 years, Peru's visible trade with the United States has been adverse to her, to say nothing of equally adverse invisible balances. This situation cannot be expected to continue indefinitely. Unless we give Peru a chance to sell us more of her products, our own sales to Peru must of necessity be curtailed. Following are figures of our visible trade with Peru during each of the last 5 years, as published by the United States Department of Commerce:

1940, United States exports to Peru, \$23,123,000; United States imports from Peru, \$17,943,000.

1939, United States exports to Peru, \$19,246,000; United States imports from Peru, \$13,959,000.

1938, United States exports to Peru, \$16,892,000; United States imports from Peru, \$12,813,000.

1937, United States exports to Peru, \$19,001,000; United States imports from Peru, \$16,525,000.

1936, United States exports to Peru, \$13,439,000; United States imports from Peru, \$9,023,000.

We respectfully submit that due regard for the situation and for the feelings of friendly Peru suggests that no action should be taken which would adversely affect her existing participation in our sugar market. The measure under consideration should therefore be defeated.

Respectfully,

PERUVIAN-AMERICAN ASSOCIATION, INC.
WADE H. EVERHART, *Secretary*.

I want to add at this point that our export trade to Peru consists of a wide range of articles of practically every kind and description and not solely manufactured articles. The point has often been made in discussions concerning trade with Latin-American countries that they

sacrificed some American agricultural interest and that the benefits are solely for the manufacturing interests. Well, a calculation made this morning of the total exports to Peru showed that upward of 16 percent over a period have consisted of foodstuffs, agricultural products, to say nothing of natural products, which enter into processed articles, so that in this export trade not only the manufacturer and the manufactured things of the United States are benefited, but the agricultural interests to a smaller extent.

Now, I would like to add briefly to that some other comment.

Peruvian sugar is grown in areas of limited space and within limited weather conditions; large expansion of Peruvian sugar is not practicable, and, therefore, Peru cannot be regarded as even a potential menace to the sugar-producing world at large.

I mention that because in the past there has been in some areas a tremendous expansion of sugar production which has hung over the whole sugar situation for years afterward.

The Fulmer bill, it seems to me, gives something to most of the important elements but it takes away something from the foreign countries other than Cuba.

I have been told, but have not had time to verify it, that the basic quota which the bill would provide for the foreign countries other than Cuba is reduced below even the meager percentages provided for other countries other than Cuba, in the International Sugar Agreement to which the United States is a party and which is a treaty. The Secretary of State and the Secretary of Agriculture expressed their opposition to the bill when it was pending in the House, and I believe here. The solicitude of the Secretary of State for the good-neighbor policy has been referred to elsewhere as a love affair with South America; the relationship of the United States to its sister republic is serious and important and at this time it is a grave matter.

There is a very little profit in this business for a full-duty sugar country like Peru, for when it has paid duty of 1.87½ cents per pound there is very little margin of profit left, and the chief benefit to date, prices here being what they are, has been as an outlet for sugar which could not be sold in the accustomed markets in Europe.

Peru produces 440,000 tons; consumes domestically about 100,000; sells 80,000 tons to Chile, her neighbor; 20,000 tons to Bolivia, another neighbor, and then an amount approximately 30 percent ordinarily goes to Europe, chiefly to England, and the balance is scattered here and there and recently substantial amounts have come to the United States.

Now, she is in this position: She has lost her English market on account of the war and also on account of the disposition of the British to buy from the overseas dominions preferentially.

There is another thing the full-duty countries always feel constitutes a just grievance on their part, and that is they have to pay 1.87 cents a pound and Cuba now only pays 0.9 cent per pound, less than half the full duty. In this bill the foreign countries other than Cuba are limited to 100,000 tons and no more of the Philippine deficit. Cuba gets in on the top of that ceiling with Hawaii, Puerto Rico, and the Virgin Islands. Cuba's ratio in anything she shares with those countries is nearly half. Assume there might be a deficit of five or six hundred thousand tons in the Philippine quota next year. The domestic interests get the first 59,000 tons; then, the foreign

countries get a hundred thousand tons, and then the rest goes to Hawaii, Puerto Rico, Virgin Islands, and Cuba, but none to other foreign countries.

Cuba gets a preferred status and her sugar enters at a lower rate of duty; so, however, the proposed amendments are considered, they are disadvantageous to the full-duty countries other than Cuba and many of them are feeling and cannot but feel that the proposed restriction of the share that they have been led to expect will be a disappointment and possibly have a clouding effect on otherwise fairly happy relations with these other nations.

Senator VANDENBERG. I am wondering whether we are creating a ceiling of vested right by permitting this participation in the Philippine deficit? In other words, I wonder for the sake of argument whether 5 years from now if there wasn't any Philippine deficit and these countries had to drop down to twenty-seven or twenty-eight thousand tons, I wonder if they would feel they had been discriminated against for that reason and would consider us poor neighbors; or, to put it the other way around, whether we are now creating here a feeling that those countries have a certain expanded right to our sugar consumption and which must not be taken away, and we would be bad neighbors if we did it?

Mr. PATCHIN. Well, last year there was no deficit; and I don't recall there was any demand for making up to them what they failed to get. I think they are quite willing to take their chances on the deficit. Of course, there has always been the prospect that that Philippine duty-free quota would gradually be reduced.

Senator VANDENBERG. It has been my observation that whenever we extend our beneficence, we are supposed to maintain that extension indefinitely or we immediately become bad neighbors.

Mr. PATCHIN. They don't regard it as beneficence at all; they regard it as in the nature of reciprocal trade. It gives them an opportunity to buy. They regard it as a fair shake in the world, and we never have had to worry any in Peru about any unfriendliness, but unless they can find a better market here, in view of the fact they have their dependence on the European markets, the situation remains very acute.

I went to Lima, capital of Peru, in 1937 when the Pan American Conference was being held, which drafted the resolutions which are now holding the Western Hemisphere nations together. At that time German commercial houses were offering to better any offers that American interests were making of American products in Peru. The Germans were offering to buy Peruvian products at a premium. They were forcing barter on that country. They would say "We are buying this and that from you; you ought to buy quite a little from us." The British would say: "We are one of your principal markets for copper, you ought to do something for us." Our own business people there, representing large American exporters, were confronted with the same situation. We got people like General Electric to sharpen their pencils and go right down to the cost of labor and material to meet that competition. That kind of competition will come back as sure as I have the privilege of addressing you here. Peru has fared very badly at our hands. Practically all of her major products are subject to a rate of duty which in ordinary times is just prohibitive. On long staple cotton, of which we produce very little in this country, the duty

of 7 cents per pound prevails. Petroleum is subject to a duty sufficiently high to keep it out at practically all times. Copper is subject to a duty of 4 cents a pound, which normally keeps it out entirely. Of course, just now we are now buying plentifully of most of these things; we would have them.

Fully one-third of our current copper requirements comes from Chile and Peru, 500,000 tons a year of their copper is moving this way, produced, I might say, by mining companies American-owned. The duty on wool is sufficient to keep it out; and alpaca, a variety of wool which is derived from the animal known as the alpaca and has no existence anywhere else in the world, bears a duty of 12 cents a pound, although no alpaca is grown in the United States. All those things are kept out except sugar which we do not have enough of and have to import it subject to a duty of 1.87½ cents a pound.

Senator VANDENBERG. You understand I sympathize with the situation there. I was simply trying to indicate that I wouldn't want the record to suggest that participation in what is a temporary emergency by reason of the deficit should not be construed as a creation of a floor below which subsequent sales cannot go without inviting prejudice against us.

Mr. PATCHIN. I do not think prejudice would be created if the present bill was allowed to continue. I hope I haven't talked too long. Thank you very much.

The CHAIRMAN. Are there any representatives here representing Puerto Rican business that desire to be heard?

(No response.)

The CHAIRMAN. Anybody else in the room who wishes to be heard at this time?

Mr. RISING. Mr. Chairman, I am vice president of the Western Beet Growers' Association, and I want to make inquiry: I have been in the city all the time for the last 2 or 3 weeks and have made inquiry of the secretary if there would be any hearing here, and I have been informed that there would not be and didn't get any notice that there would be a hearing until 1 o'clock today; therefore, I have no statement prepared, and I want to know, on behalf of the growers of nine western States whom I represent, if there will be an opportunity to be heard for about 6 or 8 minutes?

The CHAIRMAN. Could you be heard this afternoon? I don't know whether we will again meet in open session.

Mr. RISING. Well, if there is a further hearing, I should like to know if I may be heard for a few minutes.

The CHAIRMAN. We will be glad to hear you or to have you file any statement or brief you desire as part of the record.

Mr. RISING. And if there is no opportunity to be heard orally, I desire to file a brief on behalf of the growers of these nine western States in support of the pending bill, 5988; also in support of the Murray amendment, which would permit continental beet and cane growers to participate more liberally in supplying the consumption requirements that appear have developed in the past 2 years. I also want to speak on another point, and that is on the question of plant capacity. It is very evident that our consumptive requirements are going to be greater than the supply during the next few years of this emergency. And while restrictions in regard to allotments may be removed, the bottleneck will be plant capacity unless some encourage-

ment is given through increased quotas to domestic growers and producers. Unless that is done, it will be difficult to build and have available sufficient capacity to handle the beet and cane that would be available for processing.

Also there is one other point I wish to bring up, and that is this: We, in the West—those whom I represent—have large acreages of irrigated land. That land acreage is being increased continuously through the development of the Federal reclamation policy. No opportunity is being given to these owners and users, water users on those new lands, to participate in the sugar program, because there is no marketing allotment for those new areas, which compel the farmers on those areas to devote their ability to supplying crops that are now surplus. We contend that those farmers should have an opportunity to engage in the production of sugar beets and any other crop they might desire.

Those would be principally the points I would like to cover in the brief.

The CHAIRMAN. You may do so.

(Mr. Rising's brief is as follows:)

STATEMENT OF E. W. RISING, EXECUTIVE VICE PRESIDENT, WESTERN BEET GROWERS' ASSOCIATION

(Hearings before the Committee on Finance, United States Senate on H. R. 5988)

Mr. CHAIRMAN: Twenty-one years ago in June, the average retail price of sugar in this country was 26.7 cents per pound and little could be had at that price. War is bringing another sugar crisis to this country. Shortage in supply for 1942 and other years during the emergency is already evident. The Philippine quota will not be delivered. The acute shortage of ships available for transportation of sugar from other off-shore areas is well known. Sugar rationing will certainly be with us again regardless of whether the Administration is able to control prices.

The Secretary of Agriculture has indicated that there will be no acreage limitation for next year. Increased mainland production will soon be urged to save the day, however, production cannot be increased over night. Even though a heavy increase in beet acreage could be secured, processing facilities are only adequate to handle a small increase over present quotas. In order to obtain the construction of additional manufacturing facilities, basic quotas must be stepped up in the law in order to assure a return on the investment after the emergency has passed. The Murray amendment will at least make a start in this direction.

OUR CONSUMPTIVE REQUIREMENTS

The annual consumptive sugar requirements of continental United States are nearly 7,000,000 tons. Under the provisions of the 1937 Sugar Act as amended, the first 6,682,670 tons are allocated, as to source of supply, as follows:

	<i>Short tons</i>
Philippine Islands.....	1, 029, 782
Cuba.....	1, 911, 476
Foreign, other than Cuba.....	26, 412
Total.....	2, 967, 670
Domestic beet.....	1, 549, 898
Mainland cane.....	420, 167
Hawaii.....	938, 037
Puerto Rico.....	797, 982
Virgin Islands.....	8, 916
Total.....	3, 715, 000
Grand total.....	6, 682, 670

Actual deliveries of sugar expressed in short tons for the calendar years 1939 and 1940 were: 6,867,533 and 6,890,792, respectively. Deliveries of sugar for the first 11 months of 1941 exceed deliveries for the same period of last year by over 1,000,000 tons. Conceding that this is an abnormal year, we can safely say that our consumptive requirements for 1942 will be at least equal to the average for years 1939 and 1940, or approximately 200,000 tons in excess of basic quotas.

WHAT SUPPLY IS AVAILABLE

The quota allotments from domestic beet and mainland cane areas. There is little hope of securing delivery of any of the million tons Philippine quota during 1942. Demand for shipping may even curtail deliveries from Hawaii and other off-shore points.

Announcement has been made that the manufacture of alcohol for war purposes will require a very large amount of sugar, probably not less than 1,000,000 tons. Taking the most hopeful view of the situation, we may summarize our new requirements as follows:

Summary:	Tons
To offset the Philippine deficit.....	1, 029, 782
For production of alcohol for war purposes.....	1, 000, 000
Normal consumptive requirements in excess of basic quotas.....	200, 000
Total.....	2, 229, 782
It has been estimated that under favorable conditions we may be able to secure from Cuba approximately 3,000,000 tons. Cuba's normal quota is 1,911,476 tons. Excess delivery of.....	
	1, 088, 524
Net deficit.....	1, 140, 258
Should foreign countries other than Cuba be able to increase their deliveries to 5 times normal quotas, we would secure another.....	104, 648
Net shortage of.....	1, 035, 610

WE "RECAP" AS FOLLOWS

Requirements:	
Normal.....	6, 882, 670
War (probable).....	1, 000, 000
Total.....	7, 882, 670
Available:	
Domestic area production.....	3, 715, 000
Estimated Cuban deliveries.....	3, 000, 000
Foreign, other than Cuba (5 times 1937 quota).....	132, 060
Total.....	6, 847, 060
Net deficit.....	1, 035, 610

IS SUGAR LEGISLATION NEEDED NOW?

The answer to the question as to whether sugar legislation is needed is, yes, urgently needed, in order to stimulate domestic production and encourage construction of additional processing plants.

Sugar beets are now produced in 17 States. Sugarcane in 2 States. Many other States have lands suitable for growing sugar beets and cane. Thousands of our present growers wish to increase their acreage. Farmers who are now not growers of beets and cane are asking for the opportunity to share in the production of a nonsurplus crop.

Processing-plant capacity will, however, be the limiting feature governing increase in domestic production of sugar.

Enactment of H. R. 5988 with the Murray amendment, with its modest provision for an increase of 200,000 tons in the basic quotas for domestic beet and mainland cane areas will provide the necessary incentive that will encourage new investment in processing facilities—facilities that will not be idle when the

emergency is over. Old growers may then increase their acreage and new areas will be permitted to participate in the sugar program, thus reducing to a minimum our sugar shortage.

Dr. Bernhardt, have you anything to say at this time or would you prefer to wait until the executive session? We might need your advice. I would suggest, Doctor, you come back Friday morning. I don't believe we will be able to meet in the morning on account of a meeting that has been arranged, a caucus Senator McNary desires to hold and several members of this committee will be anxious to attend; but we may be able to get the record in shape by Friday, and if you will be here Friday morning at 10 o'clock.

There is a letter received from Leon Henderson, Office of Price Administration, which is to go in the record.

(The letter referred to is as follows:)

OFFICE OF PRICE ADMINISTRATION,
December 10, 1941.

The Honorable WALTER F. GEORGE,
Chairman, the Finance Committee, United States Senate.

MY DEAR SENATOR GEORGE: I should like to call to your attention the adverse effect which the enactment of H. R. 5988, amending the Sugar Act of 1937, as amended, will have upon our war-production program.

Developments of the past few days have substantially altered the 1942 supply situation with respect to sugar. Naval operations in the Pacific Ocean are certain to curtail seriously the shipments of sugar from the Philippine Islands. It is also likely that the quantity of Hawaiian island sugar shipped to this country will be reduced. Furthermore, our active participation in the war will increase the demand for alcohol, which is derived in large part from cane sugar products. Thus, the country faces both a reduced supply and an increased demand for sugar. Under such circumstances it would appear desirable to avoid any action which threatens to interfere with supplies from those areas still accessible to the United States.

The proposed amendment to the Sugar Act of 1937, by cutting down the quota allotments of Cuba and other foreign countries, instead of inducing the cooperative assistance of the sugar-producing countries promises to engender discord and friction. As such, the bill may be considered detrimental to the best interests of this country's war program.

Sincerely yours,

LEON HENDERSON, *Administrator.*

The CHAIRMAN. The committee has received several communications for the record, and they will be inserted at this point.

GREELEY, COLO., December 8, 1941.

Senator EDWIN C. JOHNSON,
Member, Senate Finance Committee, Washington, D. C.

Our association, representing 7,000 sugar-beet growers, is backing to the limit the new sugar bill, H. R. 5988. We cannot urge too strongly the passage of this bill without amendments. Since December 7 it is emphasized even more than ever the need for additional sugar next year. This bill if and when enacted will, we feel sure, assure consumers of a very material increase in sugar production in Colorado next year.

MOUNTAIN STATES BEET GROWERS MARKETING ASSOCIATION.
HARRY CLARK, *President.*

TWIN FALLS, IDAHO, December 7, 1941.

HON. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

Sugar-beet farmers in the nine Western States represented by the National Beet Growers Association in annual convention now assembled are very deeply concerned about S. 2041 and H. R. 5988. They need this legislation, they

approve it without reservation, and respectfully urge its prompt enactment by the Congress.

Senator Joseph C. O'Mahoney is closely conversant with the situation of our western producers and this bill, prepared by him and our late beloved friend Senator Alva Adams, if promptly enacted into law will help bring that much-needed relief and stability for our splendid sugar-beet industry throughout the West.

We sincerely hope you and the Senate Finance will give prompt and friendly consideration to the measure and help secure its prompt passage by the Senate and approval by the President.

Respectfully,

NATIONAL BEET GROWERS ASSOCIATION.
By CHARLES M. KEARNEY, *President*.

The CHAIRMAN. We will recess until Friday morning at 10 o'clock.
(Whereupon, at 4 p. m., a recess was taken until 10 a. m., Friday, December 12, 1941.)

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77TH CONGRESS
1ST SESSION

H. R. 5988



IN THE SENATE OF THE UNITED STATES

DECEMBER 4, 1941

Read twice and referred to the Committee on Finance

AN ACT

To amend the Sugar Act of 1937, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 202 of the Sugar Act of 1937, as amended (re-
4 lating to establishment and revision of quotas), is hereby
5 amended to read as follows:

6 “SEC. 202. Whenever a determination is made, pursuant
7 to section 201, of the amount of sugar needed to meet the
8 requirements of consumers, the Secretary shall establish
9 quotas, or revise existing quotas—

10 “(a) For domestic sugar-producing areas by prorating
11 among such areas 56.77 per centum of such amount of sugar

1 (but not less than 3,793,802 short tons) on the following
2 basis:

"Area	Per centum
"Domestic beet sugar-----	42.49
Mainland cane sugar-----	11.52
Hawaii-----	24.72
Puerto Rico-----	21.03
Virgin Islands-----	.24

3 “(b) For foreign countries, and the Commonwealth of
4 the Philippine Islands, by prorating 43.23 per centum of
5 such amount of sugar (except, if such amount of sugar is
6 less than 6,682,670 short tons, the excess of such amount
7 over 3,793,802 short tons) on the following basis:

"Area	Per centum
"Commonwealth of the Philippine Islands-----	34.70
Cuba-----	64.41
Foreign countries other than Cuba-----	.89

8 In no case shall the quota for the Commonwealth of the
9 Philippine Islands be less than the duty-free quota now estab-
10 lished by the provisions of the Philippine Independence Act,
11 as amended.

12 “The quota for foreign countries other than Cuba shall
13 be prorated among such countries on the basis of the division
14 of the quota for such countries made in General Sugar Quota
15 Regulations, series 4, number 1, issued December 12, 1936,
16 pursuant to the Agricultural Adjustment Act, as amended.”

17 SEC. 2. That section 204 of the Sugar Act of 1937, as
18 amended (relating to redistribution of deficits in area quotas),
19 is amended to read as follows:

1 “SEC. 204. (a) The Secretary shall, as he deems nec-
2 essary during the calendar year, determine whether, in view
3 of the current inventories of sugar, the estimated production
4 from the acreage of sugarcane or sugar beets planted, the
5 normal marketings within a calendar year of new-crop sugar,
6 and other pertinent factors, any domestic area, the Common-
7 wealth of the Philippine Islands, or Cuba, will be unable to
8 market the quota for such area. If the Secretary finds that
9 any domestic area or Cuba will be unable to market the quota
10 for such area for the calendar year then current, he shall
11 revise the quotas for the domestic areas and Cuba by prorat-
12 ing an amount of sugar equal to the deficit so determined to
13 the other areas, on the basis of the quotas, then in effect.
14 Any portion of such sugar which the Secretary determines
15 cannot be supplied by domestic areas and Cuba shall be
16 prorated to foreign countries other than Cuba on the basis of
17 the prorations of the quota then in effect for such foreign
18 countries. If the Secretary finds that the Commonwealth
19 of the Philippine Islands will be unable to market the quota
20 for such area for the calendar year then current, he shall
21 revise the quotas for domestic sugar-producing areas, for
22 Cuba, and for foreign countries other than Cuba, by prorat-
23 ing an amount of sugar equal to the deficit so determined, as
24 follows:

25 “(1) To the domestic beet-sugar area and to the main-

1 land cane-sugar area, on the basis of the respective quotas for
2 such areas then in effect, an amount equivalent to such part,
3 if any, of such deficit as the Secretary determines is due to
4 inability to market in continental United States the amount
5 of refined sugar permitted to be brought into continental
6 United States, duty free, under the provisions of the Philip-
7 pine Independence Act, as amended;

8 “(2) To foreign countries other than Cuba, on the basis
9 of the proration of the quotas for such foreign countries then
10 in effect, an amount not in excess of 100,000 short tons of
11 the remainder of such deficit, after giving effect to the fore-
12 going subsection (a) (1) ;

13 “(3) To Hawaii, Puerto Rico, Virgin Islands, and Cuba,
14 on the basis of the respective quotas for such areas then in
15 effect, the remainder, if any, of the amount of such deficit
16 in excess of 100,000 short tons, after giving effect to the fore-
17 going subsection (a) (1) : *Provided, however,* That no part
18 of any such Philippine deficit so prorated may be filled by
19 direct-consumption sugar except that part, if any, prorated
20 pursuant to the foregoing subsection (a) (1) .

21 “(b) If, on the 1st day of September in any calendar
22 year, any part or all of the proration to any foreign country
23 of the quota in effect on the 1st day of July in the same
24 calendar year for foreign countries other than Cuba, has not
25 been filled, the Secretary may revise the proration of such

1 quota among such foreign countries, by prorating an amount
2 of sugar equal to such unfilled proration to all other such
3 foreign countries which have filled their prorations of such
4 quota by such date, on the basis of the prorations then in
5 effect.

6 “(c) If the Secretary finds that any foreign country
7 other than Cuba will be unable to market any part or all of
8 the proration to such foreign country for the calendar year
9 then current, the Secretary may increase the quotas for other
10 foreign countries, for the domestic sugar-producing areas and
11 for Cuba, by prorating an amount of sugar, equal to the
12 deficit so determined, as follows:

13 “(1) To such foreign countries other than Cuba, on
14 the basis of the proration of the quotas for such foreign coun-
15 tries then in effect, such portion of such deficit as the Secre-
16 tary finds they will be able to market in the calendar year
17 then current;

18 “(2) To the domestic sugar-producing areas and Cuba,
19 on the basis of the respective quotas for such areas then in
20 effect, the remainder, if any, of such deficit.

21 “(d) The quota for any domestic area, the Common-
22 wealth of the Philippine Islands, or Cuba, or other foreign
23 countries, shall not be reduced by reason of any determina-
24 tion made pursuant to the provisions of subsection (a) or
25 subsection (c) of this section 204.”

1 SEC. 3. Section 207 (c) of the Sugar Act of 1937, as
 2 amended (relating to direct-consumption sugar from Cuba),
 3 is amended by striking out "three hundred and seventy-five
 4 thousand" and inserting in lieu thereof "three hundred
 5 thousand."

6 SEC. 4. (a) Subsection (a) of section 304 of the Sugar
 7 Act of 1937 is amended to read as follows:

8 "SEC. 304. (a) The amount of the base rate of pay-
 9 ment shall be 80 cents per hundred pounds of sugar or liquid
 10 sugar, raw value."

11 (b) Subsection (c) of section 304 of the Sugar Act of
 12 1937 is amended to read as follows:

13 "(c) The total payment with respect to a farm shall
 14 be the product of the base rate specified in subsection (a)
 15 of this section multiplied by the amount of sugar and liquid
 16 sugar, raw value, with respect to which payment is to be
 17 made, except that reduction shall be made from such total
 18 payment in accordance with the following scale of reductions:

"That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value	Reduction in the base rate of pay- ment per hundredweight of such portion
"350 to 700-----	\$0.05
700 to 1,000-----	.10
1,000 to 1,500-----	.20
1,500 to 3,000-----	.25
3,000 to 6,000-----	.275
6,000 to 12,000-----	.30
12,000 to 30,000-----	.325
More than 30,000-----	.50

1 SEC. 5. (a) Section 101 (f) of the Sugar Act of 1937,
2 as amended (relating to the definition of liquid sugar), is
3 amended by striking out "6 per centum" and inserting in
4 lieu thereof "8 per centum".

5 (b) Section 401 (b) of the Sugar Act of 1937, as
6 amended (relating to the definition of "manufactured sugar"),
7 is amended by striking out "6 per centum" and inserting in
8 lieu thereof "8 per centum".

9 SEC. 6. Section 513 of the Sugar Act of 1937, as
10 amended (relating to termination of powers of the Secretary
11 of Agriculture under the Sugar Act), is amended to read as
12 follows:

13 "SEC. 513. The powers vested in the Secretary under
14 this Act shall terminate on December 31, 1944, except that
15 the Secretary shall have power to make payments under
16 title III under programs applicable to the crop year 1944
17 and previous crop years."

18 SEC. 7. Section 3508 of the Internal Revenue Code
19 (relating to termination of taxes under the Sugar Act) is
20 amended to read as follows:

21 "SEC. 3508. **TERMINATION OF TAXES.**

22 "No tax shall be imposed under this chapter on the
23 manufacture, use, or importation of sugar after June 30,
24 1945."

25 SEC. 8. Section 503 of the Sugar Act of 1937, as

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AN ACT

To amend the Sugar Act of 1937, as amended,
and for other purposes.

DECEMBER 4, 1941

Read twice and referred to the Committee on Finance

Sugar



IN THE SENATE OF THE UNITED STATES

DECEMBER 8, 1941

Referred to the Committee on Finance and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. MURRAY to the bill (H. R. 5988) to amend the Sugar Act of 1937, as amended, and for for other purposes, viz:

- 1 On page 1, line 10, after “(a)” insert “(1)”.
- 2 On page 2, following the table between lines 2 and 3,
- 3 insert the following new paragraph:
- 4 “(2) For domestic beet-sugar and mainland cane-sugar
- 5 areas by prorating among such areas 200,000 short tons (in
- 6 addition to the amount prorated under paragraph (1) on the
- 7 following basis:

“Area	Per centum
“Domestic beet sugar-----	78.67
Mainland cane sugar-----	21.33”

- 8 On page 2, line 6, strike out “6.682,670” and insert
- 9 “6,882,670”; and in line 7, strike out “3,793,802” and insert
- 10 “3,993,802”.

AMENDMENTS

Intended to be proposed by Mr. MURRAY to the bill (H. R. 5988) to amend the Sugar Act of 1937, as amended, and for other purposes.

DECEMBER 8, 1941

Referred to the Committee on Finance and ordered
to be printed



EXTENSION OF SUGAR ACT OF 1937

DECEMBER 15, 1941.—Ordered to be printed



Mr. JOHNSON of Colorado, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 5988]

The Committee on Finance, to whom was referred the bill (H. R. 5988) to amend the Sugar Act of 1937, as amended, and for other purposes, having considered the same report thereon with the recommendation that it do pass with the following amendment:

Strike out all after the enacting clause and insert the following:

That section 513 of the Sugar Act of 1937 as amended (relating to termination of powers of the Secretary of Agriculture under the Sugar Act) is amended to read as follows:

"SEC. 513. The powers vested in the Secretary under this Act shall terminate on December 31, 1944, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1944 and previous crop years."

SEC. 2. Subsection (a) of section 301 of the Sugar Act of 1937, as amended, is amended by striking out "in the 1937, 1938, and 1939 crops" and inserting in lieu thereof "in the 1940 and subsequent crops".

SEC. 3. (a) Subsection (a) of section 304 of the Sugar Act of 1937 is amended to read as follows:

"SEC. 304. (a) The amount of the base rate of payment shall be 80 cents per hundred pounds of sugar or liquid sugar, raw value."

(b) Subsection (c) of section 304 of the Sugar Act of 1937 is amended to read as follows:

"(c) The total payment with respect to a farm shall be the product of the base rate specified in subsection (a) of this section multiplied by the amount of sugar and liquid sugar, raw value, with respect to which payment is to be made, except that reduction shall be made from such total payment in accordance with the following scale of reductions:

"That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value

Reduction in the base rate of payment per hundred weight of such portion

"350 to 700.....	\$0. 05
700 to 1,000.....	. 10
1,000 to 1,500.....	. 20
1,500 to 3,000.....	. 25
3,000 to 6,000.....	. 27.5
6,000 to 12,000.....	. 30
12,000 to 30,000.....	. 32.5
More than 30,000.....	. 50"

11 among such areas 56.77 per centum of such amount of sugar

- 1 (but not less than 3,793,802 short tons) on the following
 2 basis:

"Area	Per centum
"Domestic beet sugar-----	42.49
Mainland cane sugar-----	11.52
Hawaii-----	24.72
Puerto Rico-----	21.03
Virgin Islands-----	.24

- 3 “(b) For foreign countries, and the Commonwealth of
 4 the Philippine Islands, by prorating 43.23 per centum of
 5 such amount of sugar (except, if such amount of sugar is
 6 less than 6,682,670 short tons, the excess of such amount
 7 over 3,793,802 short tons) on the following basis:

"Area	Per centum
"Commonwealth of the Philippine Islands-----	34.70
Cuba-----	61.41
Foreign countries other than Cuba-----	.89

- 8 In no case shall the quota for the Commonwealth of the
 9 Philippine Islands be less than the duty-free quota now estab-
 10 lished by the provisions of the Philippine Independence Act,
 11 as amended.

- 12 “The quota for foreign countries other than Cuba shall
 13 be prorated among such countries on the basis of the division
 14 of the quota for such countries made in General Sugar Quota
 15 Regulations, series 4, number 1, issued December 12, 1936,
 16 pursuant to the Agricultural Adjustment Act, as amended.”

- 17 SEC. 2. That section 204 of the Sugar Act of 1937, as
 18 amended (relating to redistribution of deficits in area quotas),
 19 is amended to read as follows:

- 20 “SEC. 204. (a) The Secretary shall, as he deems nec-

1 essary during the calendar year, determine whether, in view
2 of the current inventories of sugar, the estimated production
3 from the acreage of sugarcane or sugar beets planted, the
4 normal marketings within a calendar year of new-crop sugar,
5 and other pertinent factors, any domestic area, the Common-
6 wealth of the Philippine Islands, or Cuba, will be unable to
7 market the quota for such area. If the Secretary finds that
8 any domestic area or Cuba will be unable to market the quota
9 for such area for the calendar year then current, he shall
10 revise the quotas for the domestic areas and Cuba by prorat-
11 ing an amount of sugar equal to the deficit so determined to
12 the other areas, on the basis of the quotas, then in effect.
13 Any portion of such sugar which the Secretary determines
14 cannot be supplied by domestic areas and Cuba shall be
15 prorated to foreign countries other than Cuba on the basis of
16 the prorations of the quota then in effect for such foreign
17 countries. If the Secretary finds that the Commonwealth
18 of the Philippine Islands will be unable to market the quota
19 for such area for the calendar year then current, he shall
20 revise the quotas for domestic sugar-producing areas, for
21 Cuba, and for foreign countries other than Cuba, by prorat-
22 ing an amount of sugar equal to the deficit so determined, as
23 follows:

24 “(1) To the domestic beet-sugar area and to the main-
25 land cane-sugar area, on the basis of the respective quotas for

1 such areas then in effect, an amount equivalent to such part,
 2 if any, of such deficit as the Secretary determines is due to
 3 inability to market in continental United States the amount
 4 of refined sugar permitted to be brought into continental
 5 United States, duty free, under the provisions of the Philip-
 6 pine Independence Act, as amended;

7 “(2) To foreign countries other than Cuba, on the basis
 8 of the proration of the quotas for such foreign countries then
 9 in effect, an amount not in excess of 100,000 short tons of
 10 the remainder of such deficit, after giving effect to the fore-
 11 going subsection (a) (1);

12 “(3) To Hawaii, Puerto Rico, Virgin Islands, and Cuba,
 13 on the basis of the respective quotas for such areas then in
 14 effect, the remainder, if any, of the amount of such deficit
 15 in excess of 100,000 short tons, after giving effect to the fore-
 16 going subsection (a) (1): *Provided, however,* That no part
 17 of any such Philippine deficit so prorated may be filled by
 18 direct-consumption sugar except that part, if any, prorated
 19 pursuant to the foregoing subsection (a) (1).

20 “(b) If, on the 1st day of September in any calendar
 21 year, any part or all of the proration to any foreign country
 22 of the quota in effect on the 1st day of July in the same
 23 calendar year for foreign countries other than Cuba, has not
 24 been filled, the Secretary may revise the proration of such
 25 quota among such foreign countries, by prorating an amount

1 of sugar equal to such unfilled proration to all other such
 2 foreign countries which have filled their prorations of such
 3 quota by such date, on the basis of the prorations then in
 4 effect.

5 “(e) If the Secretary finds that any foreign country
 6 other than Cuba will be unable to market any part or all of
 7 the proration to such foreign country for the calendar year
 8 then current, the Secretary may increase the quotas for other
 9 foreign countries, for the domestic sugar-producing areas and
 10 for Cuba, by prorating an amount of sugar, equal to the
 11 deficit so determined, as follows:

12 “(1) To such foreign countries other than Cuba, on
 13 the basis of the proration of the quotas for such foreign coun-
 14 tries then in effect, such portion of such deficit as the Secre-
 15 tary finds they will be able to market in the calendar year
 16 then current:

17 “(2) To the domestic sugar-producing areas and Cuba,
 18 on the basis of the respective quotas for such areas then in
 19 effect, the remainder, if any, of such deficit.

20 “(d) The quota for any domestic area, the Common-
 21 wealth of the Philippine Islands, or Cuba, or other foreign
 22 countries, shall not be reduced by reason of any determina-
 23 tion made pursuant to the provisions of subsection (a) or
 24 subsection (e) of this section 204.”

25 SEC. 3. Section 207 (e) of the Sugar Act of 1937, as

1 amended (relating to direct-consumption sugar from Cuba);
 2 is amended by striking out "three hundred and seventy-five
 3 thousand" and inserting in lieu thereof "three hundred
 4 thousand."

5 SEC. 4. (a) Subsection (a) of section 304 of the Sugar
 6 Act of 1937 is amended to read as follows:

7 "SEC. 304. (a) The amount of the base rate of pay-
 8 ment shall be 80 cents per hundred pounds of sugar or liquid
 9 sugar, raw value."

10 (b) Subsection (c) of section 304 of the Sugar Act of
 11 1937 is amended to read as follows:

12 "(c) The total payment with respect to a farm shall
 13 be the product of the base rate specified in subsection (a)
 14 of this section multiplied by the amount of sugar and liquid
 15 sugar, raw value, with respect to which payment is to be
 16 made, except that reduction shall be made from such total
 17 payment in accordance with the following scale of reductions:

"That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value	Reduction in the base rate of pay- ment per hundredweight of such portion
"250 to 700.....	\$0.05
700 to 1,000.....	.10
1,000 to 1,500.....	.20
1,500 to 2,000.....	.25
2,000 to 6,000.....	.275
6,000 to 12,000.....	.30
12,000 to 30,000.....	.225
More than 30,000.....	.50

18 SEC. 5. (a) Section 101 (f) of the Sugar Act of 1937,
 19 as amended (relating to the definition of liquid sugar), is

1 amended by striking out "6 per centum" and inserting in
2 lieu thereof "8 per centum".

3 (b) Section 401 (b) of the Sugar Act of 1937, as
4 amended (relating to the definition of "manufactured sugar"),
5 is amended by striking out "6 per centum" and inserting in
6 lieu thereof "8 per centum".

7 SEC. 6. Section 513 of the Sugar Act of 1937, as
8 amended (relating to termination of powers of the Secretary
9 of Agriculture under the Sugar Act), is amended to read as
10 follows:

11 "SEC. 513. The powers vested in the Secretary under
12 this Act shall terminate on December 31, 1944, except that
13 the Secretary shall have power to make payments under
14 title III under programs applicable to the crop year 1944
15 and previous crop years."

16 SEC. 7. Section 3508 of the Internal Revenue Code
17 (relating to termination of taxes under the Sugar Act) is
18 amended to read as follows:

19 "SEC. 3508. TERMINATION OF TAXES.

20 "No tax shall be imposed under this chapter on the
21 manufacture, use, or importation of sugar after June 30,
22 1945."

23 SEC. 8. Section 503 of the Sugar Act of 1937, as
24 amended (relating to payments to the Commonwealth of

1 the Philippine Islands), is amended by striking out "June
2 30, 1942" and inserting in lieu thereof "June 30, 1945".

3 That section 513 of the Sugar Act of 1937 as amended (re-
4 lating to termination of powers of the Secretary of Agricul-
5 ture under the Sugar Act) is amended to read as follows:

6 "SEC. 513. The powers vested in the Secretary under
7 this Act shall terminate on December 31, 1944, except that
8 the Secretary shall have power to make payments under title
9 III under programs applicable to the crop year 1944 and
10 previous crop years."

11 SEC. 2. Subsection (a) of section 301 of the Sugar Act
12 of 1937, as amended, is amended by striking out "in the 1937,
13 1938, and 1939 crops" and inserting in lieu thereof "in the
14 1940 and subsequent crops".

15 SEC. 3. (a) Subsection (a) of Section 304 of the Sugar
16 Act of 1937 is amended to read as follows:

17 "SEC. 304. (a) The amount of the base rate of payment
18 shall be 80 cents per hundred pounds of sugar or liquid
19 sugar, raw value."

20 (b) Subsection (c) of section 304 of the Sugar Act of
21 1937 is amended to read as follows:

22 "(c) The total payment with respect to a farm shall be
23 the product of the base rate specified in subsection (a) of
24 this section multiplied by the amount of sugar and liquid

1 sugar, raw value, with respect to which payment is to be
 2 made, except that reduction shall be made from such total
 3 payment in accordance with the following scale of reductions:

<i>"That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value</i>	<i>Reduction in the base rate of payment per hundredweight of such portion</i>
<i>"350 to 700-----</i>	<i>\$0.05</i>
<i>700 to 1,000-----</i>	<i>.10</i>
<i>1,000 to 1,500-----</i>	<i>.20</i>
<i>1,500 to 3,000-----</i>	<i>.25</i>
<i>3,000 to 6,000-----</i>	<i>.275</i>
<i>6,000 to 12,000-----</i>	<i>.30</i>
<i>12,000 to 30,000-----</i>	<i>.325</i>
<i>More than 30,000-----</i>	<i>.50"</i>

4 *SEC. 4. (a) Section 307 of the Sugar Act of 1937 is*
 5 *amended to read as follows:*

6 *"SEC. 307. This title shall apply to the continental United*
 7 *States, the Territory of Hawaii, Puerto Rico, and the Virgin*
 8 *Islands."*

9 *(b) The amendment made by this section shall be applica-*
 10 *ble to the 1942 crop and subsequent crops.*

11 *SEC. 5. Section 3508 of the Internal Revenue Code*
 12 *(relating to termination of taxes under the Sugar Act) is*
 13 *amended to read as follows:*

14 *"SEC. 3508. TERMINATION OF TAXES.*

15 *"No tax shall be imposed under this chapter on the manu-*
 16 *facture, use, or importation of sugar after June 30, 1945."*

17 *SEC. 6. Section 503 of the Sugar Act of 1937, as*
 18 *amended (relating to payments to the Commonwealth of the*

- 1 *Philippine Islands*), is amended by striking out "June 30,
- 2 1942" and inserting in lieu thereof "June 30, 1945".

Passed the House of Representatives December 1, 1941.

Attest:

SOUTH TRIMBLE,

Clerk.

77TH CONGRESS
1ST Session

H. R. 5988

[Report No. 907]

AN ACT

To amend the Sugar Act of 1937, as amended,
and for other purposes.

DECEMBER 4, 1941

Read twice and referred to the Committee on Finance

DECEMBER 15, 1941

Reported with an amendment

10.11.16

The Senator from Delaware [Mr. HUGHES] and the Senator from South Carolina [Mr. SMITH] are unavoidably detained. I am advised that if present and voting the Senator from Delaware would vote "nay."

The Senator from Utah [Mr. THOMAS] is detained in the labor conference and is unable to be present. I am advised that if present and voting he would vote "nay."

My colleague the Senator from Alabama [Mr. BANKHEAD] is necessarily absent. He is paired with the Senator from Oregon [Mr. McNARY]. If present and voting he would vote "yea."

The Senator from South Dakota [Mr. BULOW] is necessarily absent.

Mr. AUSTIN. I announce the necessary absence of the Senator from Ohio [Mr. TAFT]. If present he would vote "yea."

Mr. PEPPER. I announce that my colleague [Mr. ANDREWS] is unavoidably detained.

The result was announced—yeas 34, nays 47, as follows:

YEAS—34

Aiken	Gerry	Rosier
Bailey	Herring	Stewart
Brewster	Johnson, Calif.	Tobey
Brooks	Kilgore	Tunnell
Butler	La Follette	Vandenberg
Byrd	Langer	Walsh
Capper	McCarran	Wheeler
Clark, Mo.	Maloney	White
Danaher	Maybank	Wiley
Davis	Norris	Willis
Downey	Nye	
George	Radcliffe	

NAYS—47

Austin	Green	Murray
Ball	Guffey	O'Daniel
Barkley	Gurney	O'Mahoney
Bilbo	Hatch	Overton
Bridges	Hayden	Pepper
Brown	Hill	Reynolds
Bunker	Holman	Russell
Burton	Johnson, Colo.	Schwartz
Caraway	Lee	Spencer
Chandler	Lodge	Thomas, Okla.
Chavez	Lucas	Truman
Clark, Idaho	McFarland	Tydings
Connally	McKellar	Van Nuys
Doxey	McNary	Wagner
Ellender	Mead	Wallgren
Gillette	Murdock	

NOT VOTING—14

Andrews	Glass	Smith
Bankhead	Hughes	Taft
Barbour	Reed	Thomas, Idaho
Bone	Shipstead	Thomas, Utah
Bulow	Smathers	

So Mr. DANAHER's amendment was rejected.

Mr. REYNOLDS. Mr. President, if there be no further amendments to be offered, I ask that the Chair lay before the Senate House bill 6215.

The PRESIDING OFFICER laid before the Senate the bill (H. R. 6215) to amend the Selective Training and Service Act of 1940 by providing for the extension of liability for military service and for the registration of the manpower of the Nation, and for other purposes, which was read twice by its title.

Mr. REYNOLDS. I move that the Senate proceed to consider House bill 6215.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. REYNOLDS. Mr. President, I move to strike out from the House bill all after the enacting clause, and to substi-

tute therefor the text of the Senate bill, as amended.

The PRESIDING OFFICER. The question is on the motion of the Senator from North Carolina to strike from the House bill all after the enacting clause and to substitute therefor the text of the Senate bill, as amended.

The motion was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. REYNOLDS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. McNARY (when his name was called). I have a pair with the Senator from Alabama [Mr. BANKHEAD]. I am advised that if he were present and voting he would vote as I am about to vote. Therefore I am at liberty to vote. I vote "yea."

The roll call was concluded.

Mr. BRIDGES (after having voted in the affirmative). I have a pair with the Senator from Utah [Mr. THOMAS]. I understand that if he were present and voting he would vote as I have voted, so I allow my vote to stand.

Mr. HILL. I announce that the Senator from Washington [Mr. BONE] is absent from the Senate because of illness. I am advised that if present and voting he would vote "yea."

The Senator from Alabama [Mr. BANKHEAD], the Senator from Virginia [Mr. GLASS], the Senator from New Jersey [Mr. SMATHERS], and the Senator from Florida [Mr. ANDREWS] are necessarily absent. I am advised that if present and voting those Senators would vote "yea."

The Senator from Utah is detained in a labor conference. I am advised that if he were present and voting he would vote "yea."

The Senator from South Carolina [Mr. SMITH] and the Senator from South Dakota [Mr. BULOW] are necessarily absent.

Mr. AUSTIN. I announce that the Senator from Minnesota [Mr. SHIPSTEAD], the Senator from New Jersey [Mr. BARBOUR], and the Senator from Ohio [Mr. TAFT] are necessarily absent. I am advised that, if present, those Senators would vote "yea."

Mr. McNARY. The junior Senator from Kansas [Mr. REED] is necessarily absent. I am advised that if he were present and voting he would vote "yea."

The Senator from Idaho [Mr. THOMAS] is necessarily absent. I am advised that if he were present and voting he would vote "yea."

The result was announced—yeas 79, nays 2, as follows:

YEAS—79

Aiken	Bilbo	Bunker
Austin	Brewster	Burton
Bailey	Bridges	Butler
Ball	Brooks	Byrd
Barkley	Brown	Capper

Caraway	Kilgore	Reynolds
Chandler	La Follette	Rosier
Chavez	Langer	Russell
Clark, Idaho	Lec	Schwartz
Clark, Mo.	Lodge	Spencer
Connally	Lucas	Stewart
Danaher	McCarran	Thomas, Okla.
Davis	McFarland	Tobey
Doxey	McKellar	Truman
Ellender	McNary	Tunnell
George	Maloney	Tydings
Gerry	Maybank	Vandenberg
Gillette	Mead	Van Nuys
Green	Murdock	Wagner
Guffey	Murray	Wallgren
Gurney	Norris	Walsh
Hatch	Nye	Wheeler
Hayden	O'Daniel	White
Herring	O'Mahoney	Wiley
Hill	Overton	Willis
Holman	Pepper	
Johnson, Colo.	Radcliffe	

NAYS—2

Downey Johnson, Calif.

NOT VOTING—14

Andrews	Glass	Smith
Bankhead	Hughes	Taft
Barbour	Reed	Thomas, Idaho
Bone	Shipstead	Thomas, Utah
Bulow	Smathers	

So the bill H. R. 6215 was passed, as follows:

Resolved, That the bill from the House of Representatives (H. R. 6215) entitled "An act to amend the Selective Training and Service Act of 1940 by providing for the extension of liability for military service and for the registration of the manpower of the Nation, and for other purposes," do pass with the following amendment:

Strike out all after the enacting clause and insert: "That section 2 of the Selective Training and Service Act of 1940 (54 Stat. 885; U. S. C., title 50, App. sec. 302), as amended, be, and it hereby is, amended to read as follows:

"SEC. 2. Except as otherwise provided in this act, it shall be the duty of every male citizen of the United States, and of every other male person residing in the United States, who, on the day or days fixed for the first or any subsequent registration, is between the ages of 18 and 65, to present himself for and submit to registration at such time or times and place or places, and in such manner and in such age group or groups, as shall be determined by rules and regulations prescribed hereunder."

"SEC. 2. The first sentence of section 3 (a) of such act, as amended, is hereby amended to read as follows:

"SEC. 3. (a) Except as otherwise provided in this act, every male citizen of the United States, and every other male person residing in the United States, who is between the ages of 19 and 45 at the time fixed for his registration, or who attains the age of 19 after having been required to register pursuant to section 2 of this act, shall be liable for training and service in the land or naval forces of the United States: *Provided*, That any citizen or subject of a neutral country shall be relieved from liability for training and service under this act if, prior to his induction into the land or naval forces, he has made application to be relieved from such liability in the manner prescribed by and in accordance with rules and regulations prescribed by the President, but any person who makes such application shall thereafter be debarred from becoming a citizen of the United States: *Provided further*, That no citizen or subject of any country who has been or who may hereafter be proclaimed by the President to be an alien enemy of the United States shall be inducted for training and service under this act unless he is acceptable to the land or naval forces."

"SEC. 3. Section 4 (a) of such act, as amended, is hereby amended by inserting before the period at the end thereof the following: '*Provided further*, That in the classification

of registrants within the jurisdiction of any local board, the registrants of any particular registration may be classified, in the manner prescribed by and in accordance with rules and regulations prescribed by the President, before, together with, or after the registrants of any prior registration or registrations; and in the selection for induction of persons within the jurisdiction of any local board and within any particular classification, persons who were registered at any particular registration may be selected, in the manner prescribed by and in accordance with rules and regulations prescribed by the President, before, together with, or after persons who were registered at any prior registration or registrations.'

"Sec. 4. Section 5 (a) of such act, as amended, is hereby amended by inserting after the words 'foreign countries' a comma and the following: 'and persons in other categories to be specified by the President.'

"Paragraph (1) of section 5 (c) of such act, as amended, is amended by inserting after the word 'Governors' a comma and the following: 'and all other State officials chosen by the voters of the entire State.'

"Sec. 5. The second sentence of paragraph (1) of section 5 (e) of such act, as amended, is hereby amended by inserting after '(1)' and after '(2)' the words 'of any or all.'

"Sec. 6. Paragraph (2) of section 5 (e) of such act, as amended, is hereby amended to read as follows:

"(2) Anything in this act to the contrary notwithstanding, the President is authorized, under such rules and regulations as he may prescribe, to provide for the deferment, by age group or groups, from training and service under this act in the land and naval forces of the United States, of those men whose age or ages are such that he finds their deferment to be advisable in the national interest: *Provided*, That the President may, upon finding that it is in the national interest, terminate the deferment by age group or groups of any or all of the men so deferred.'

"Sec. 7. Section 15 (a) of such act, as amended, is hereby amended to read as follows:

"(a) The term "between the ages of 19 and 45" shall refer to men who have attained the nineteenth anniversary of the day of their birth and who have not attained the forty-fifth anniversary of the day of their birth; and other terms designating different age groups shall be construed in a similar manner.'

"Sec. 8. Section 15 (c) of such act, as amended, is hereby repealed.

"Sec. 9. Persons inducted under the Selective Training and Service Act of 1940 who are inducted into or assigned to the Navy, Marine Corps, or Coast Guard, shall be members of the Navy, Marine Corps, or Coast Guard, as the case may be; and in time of war their periods of service or training and service may be extended by the President for such additional time as he may deem necessary in the interest of national defense: *Provided*, That the periods of service or training and service under section 3 (b) of such act of men who are detained under this section shall be terminated not later than 6 months after the termination of the war which authorized their detention, unless such men voluntarily extend their periods of service or training and service.

"Sec. 10. The first proviso of the second sentence of section 3 (a) of such act, as amended, is hereby amended by inserting the word 'forty-five' in lieu of the word 'thirty-six.'

"Sec. 11. Section 602 (d) of the National Service Life Insurance Act of 1940 is hereby amended to read as follows:

"(d) (1) Any person in the active service, and while in such active service, shall be granted such insurance without medical examination upon application therefor in writing (made within 120 days after the date of

enactment of this amendatory act), and upon payment of premiums: *Provided*, That after the expiration of such 120-day period any such person may be granted national service life insurance at any time upon application, payment of premiums, and evidence satisfactory to the Administrator showing them to be in good health.

"(2) Any person in the active service on or after October 8, 1940, who, while in such service and before the expiration of 120 days after the date of enactment of this amendatory act, dies or has died in line of duty (including death resulting from disease or injury incurred in line of duty), without having in force at the time of such death insurance under the War Risk Insurance Act, as amended, the World War Veterans' Act, 1924, as amended, or this act, in the aggregate amount of at least \$5,000, shall be deemed to have applied for and to have been granted insurance as of the date of entry into active service or October 8, 1940, whichever is later, in the sum of \$5,000 payable as provided in section 602 (h), except that payments hereunder shall be made only to the following beneficiaries and in the order named—

"(A) to the widow or widower of the insured, if living and while unremarried;

"(B) if no widow or widower entitled thereto, to the child or children of the insured, if living, in equal shares;

"(C) if no widow or widower entitled thereto, or child, to the dependent mother or father of the insured, if living, in equal shares

"(3) Any person in the active service on or after October 8, 1940, who, while in such service and before the expiration of 120 days after the date of enactment of this amendatory act, suffers in line of duty total disability continuously for 6 months or more without having in force at the time of such disability insurance under the War Risk Insurance Act, as amended, the World War Veterans' Act, 1924, as amended, or this act, in the aggregate amount of at least \$5,000, shall be deemed to have applied for and to have been granted insurance in the aggregate sum of \$5,000 effective as of the date such disability was so suffered but not prior to October 8, 1940. Such premiums shall be waived during the continuation of such total disability. The Administrator is authorized and directed to transfer from the national service life insurance appropriation to the national service life insurance fund such sums as may be necessary to cover all losses incurred and premiums waived under paragraphs (2) and (3) of this subsection.

"(4) The benefits and privileges extended by this section are hereby so extended by the Congress because many of the personnel of our armed forces (1) were unable to comply with the prerequisites necessary to the granting of insurance by reason of extended duty in the North Atlantic, Hawaii, the Philippines, and other outlying bases; (2) had failed or neglected to apply for such insurance in the expectation that their service would be peacetime service only; and (3) by reason of the suddenness with which war was thrust upon us, had not sufficient time to apply for such insurance prior to engaging in combat. The Congress hereby declares that no further relief of such character will be granted.'

The title was amended so as to read "A bill to amend the Selective Training and Service Act of 1940 by providing for the extension of liability for military service and for the registration of the manpower of the Nation, and for other purposes."

Mr. REYNOLDS. I ask unanimous consent that the bill be printed with the amendment of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REYNOLDS. I move that the Senate insist on its amendment, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. REYNOLDS, Mr. THOMAS of Utah, Mr. JOHNSON of Colorado, Mr. AUSTIN, and Mr. BRIDGES conferees on the part of the Senate.

The PRESIDING OFFICER. Without objection, Senate bill 2126 will be indefinitely postponed.

SUGAR QUOTAS

Mr. JOHNSON of Colorado. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House bill 5988, Calendar No. 943.

Mr. McNARY. Mr. President, let the bill be stated by its title. I do not know what the bill is about.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 5988) to amend the Sugar Act of 1937, as amended, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Colorado?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with an amendment to strike out all after the enacting clause and insert:

That section 513 of the Sugar Act of 1937 as amended (relating to termination of powers of the Secretary of Agriculture under the Sugar Act) is amended to read as follows:

"Sec. 513. The powers vested in the Secretary under this act shall terminate on December 31, 1944, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1944 and previous crop years."

SEC. 2. Subsection (a) of section 301 of the Sugar Act of 1937, as amended, is amended by striking out "in the 1937, 1938, and 1939 crops" and inserting in lieu thereof "in the 1940 and subsequent crops."

SEC. 3. (a) Subsection (a) of section 304 of the Sugar Act of 1937 is amended to read as follows:

"Sec. 304. (a) The amount of the base rate of payment shall be 80 cents per hundred pounds of sugar or liquid sugar, raw value."

(b) Subsection (c) of section 304 of the Sugar Act of 1937 is amended to read as follows:

"(c) The total payment with respect to a farm shall be the product of the base rate specified in subsection (a) of this section multiplied by the amount of sugar and liquid sugar, raw value, with respect to which payment is to be made, except that reduction shall be made from such total payment in accordance with the following scale of reductions:

"Reduction in the base rate of payment per hundredweight of such portion

"That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value:

"350 to 700.....	\$0.05
700 to 1,000.....	.10
1,000 to 1,500.....	.20
1,500 to 3,000.....	.25
3,000 to 6,000.....	.275
6,000 to 12,000.....	.30
12,000 to 30,000.....	.325
More than 30,000.....	.50"

Sec. 4. (a) Section 307 of the Sugar Act of 1937 is amended to read as follows:

"Sec. 307. This title shall apply to the continental United States, the Territory of Hawaii, Puerto Rico, and the Virgin Islands."

(b) The amendment made by this section shall be applicable to the 1942 crop and subsequent crops.

Sec. 5. Section 3508 of the Internal Revenue Code (relating to termination of taxes under the Sugar Act) is amended to read as follows:

"Sec. 3508. Termination of taxes: No tax shall be imposed under this chapter on the manufacture, use, or importation of sugar after June 30, 1945."

Sec. 6. Section 503 of the Sugar Act of 1937, as amended (relating to payments to the Commonwealth of the Philippine Islands), is amended by striking out "June 30, 1942," and inserting in lieu thereof "June 30, 1945."

Mr. BARKLEY. Mr. President, it is not intended to proceed with the consideration of the bill at this time. We will take it up tomorrow.

ADDITIONAL BILLS INTRODUCED

Additional bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TRUMAN:

S. 2144 (by request). A bill to amend section 321 of the Transportation Act of 1940 with respect to the character of military or naval property of the United States which may be transported at reduced rates; to the Committee on Interstate Commerce.

By Mr. HILL (for Mr. BANKHEAD):

S. 2145. A bill to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in potatoes so as to provide an adequate and stable supply with fair prices for producers and consumers, and for other purposes; to the Committee on Agriculture and Forestry.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

CHIEF OF THE BUREAU OF NAVIGATION

Mr. WALSH. From the Committee on Naval Affairs, I report favorably the nomination of Rear Admiral Randall Jacobs to be Chief of the Bureau of Navigation, and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. Is there objection to the present consideration of the nomination? The Chair hears none. The nomination will be read.

The legislative clerk read the nomination of Rear Admiral Randall Jacobs to be Chief of the Bureau of Navigation, in the Department of the Navy, with the rank of rear admiral, for a term of 4 years, from the 19th day of December 1941.

Mr. WALSH. I may state that yesterday Admiral Nimitz was appointed commanding officer of the naval forces at Hawaii. He expects to leave tomorrow for the performance of duty in Hawaii. He is now Chief of the Bureau of Navigation. His departure creates a vacancy in the Bureau of Navigation, and the President has nominated Admiral Randall Jacobs. If his nomination is confirmed tonight, he can take office as Chief of the Bureau of Navigation tomorrow, and Admiral Nimitz can proceed to carry out his orders.

The PRESIDING OFFICER. The nomination of Admiral Jacobs has just been received by the Senate and is now before the Senate.

Mr. McNARY. In view of the statement by the able senior Senator from Massachusetts, I have no objection to waiving the rule.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. WALSH. I ask unanimous consent that the President be immediately notified.

The PRESIDING OFFICER. Without objection, the President will be immediately notified.

If there be no further reports of committees, the clerk will state the nominations on the calendar.

CUSTOMS SERVICE

The legislative clerk read the nomination of Nan Wood Honeyman, of Portland, Oreg., to be collector of customs for customs collection district No. 29, with headquarters at Portland, Oreg.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John H. Flynn, of Pelham Manor, N. Y., to be appraiser of merchandise in customs collection district No. 10, with headquarters at New York, N. Y.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. BARKLEY. I ask that the nominations in the Army be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Marine Corps.

Mr. BARKLEY. I ask that the nominations in the Marine Corps be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

That completes the Executive Calendar.

Mr. BARKLEY. I ask that the President be immediately notified of the confirmation of the nominations acted upon today.

The PRESIDING OFFICER. Without objection, the President will be immediately notified of the confirmation of all nominations acted upon today.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 36 minutes p. m.) the Senate took a recess until tomorrow, Friday, December 19, 1941, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate December 18 (legislative day, December 16), 1941:

THE JUDICIARY

UNITED STATES DISTRICT JUDGES

Hon. J. Waties Waring, of South Carolina, to be United States district judge for the eastern district of South Carolina, vice Hon. Frank K. Myers, deceased.

Hon. George Bell Timmerman to be United States district judge for the eastern and western districts of South Carolina, vice Hon. Alva M. Lumpkin, resigned.

ASSOCIATE JUSTICE OF THE SUPREME COURT OF PUERTO RICO

A. Cecil Snyder, of Maryland, to be associate justice of the Supreme Court of Puerto Rico, vice Hon. Adolph G. Wolf, retired.

PUBLIC UTILITIES COMMISSIONER OF THE DISTRICT OF COLUMBIA

James H. Flanagan, of the District of Columbia, to be a member of the Public Utilities Commission of the District of Columbia for the remainder of the term expiring June 30, 1943, vice Riley E. Elgen.

WORK PROJECTS ADMINISTRATOR FOR PUERTO RICO AND THE VIRGIN ISLANDS

Paul Edwards, of the District of Columbia, to be Work Projects Administrator for Puerto Rico and the Virgin Islands, effective January 1, 1942.

APPOINTMENT, BY TRANSFER, IN THE NAVY

CHIEF OF THE BUREAU OF NAVIGATION

Rear Admiral Randall Jacobs to be Chief of the Bureau of Navigation, in the Department of the Navy, with the rank of rear admiral, for a term of 4 years, from the 19th day of December 1941.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 18 (legislative day, December 16), 1941:

CUSTOMS SERVICE

COLLECTOR OF CUSTOMS

Nan Wood Honeyman, to be collector of customs for customs collection district No. 29, with headquarters at Portland, Oreg.

APPRAISER OF MERCHANDISE

John H. Flynn to be appraiser of customs in customs collection district No. 10, with headquarters at New York, N. Y.

DEPARTMENT OF THE NAVY

Rear Admiral Randall Jacobs to be Chief of the Bureau of Navigation, in the Department of the Navy, with the rank of rear admiral, for a term of 4 years, from the 19th day of December, 1941.

APPOINTMENTS TO TEMPORARY RANK IN THE AIR CORPS, IN THE REGULAR ARMY

To be majors

Richard Phillip Klocko
Harold Bell Wright.

APPOINTMENTS IN THE REGULAR ARMY

To be second lieutenants

Ralph Bassett Martin, Corps of Engineers.
Warren James Clark, Infantry.

To be first lieutenant

Robert Goodwin Rate, Medical Corps.

(NOTE.—These officers whose names are preceded by the symbol (X) are subject to examination required by law.)

PROMOTIONS IN THE REGULAR ARMY

To be colonel

Benjamin Almond Brackenbury, Chemical Warfare Service.

To be lieutenant colonels

Richard Kemp LeBrou, Finance Department.

Charles Wesley Sullivan, Air Corps.
William Jacob Kunzmann, Infantry.
Handy Vernon Brown, Finance Department.

X Neal Dow Franklin, Judge Advocate General's Department.

X Harold Ogier Godwin, Quartermaster Corps.
Henry Joachim Boettcher, Infantry.

Lonnie Otis Field, Field Artillery.
Melvin B. Asp, Air Corps.

X Maurice Stewart Kerr, Infantry.
X Robert Burdette Woolverton, Signal Corps.

Orley DeForest Bowman, Coast Artillery Corps.

George Clement McDonald, Air Corps.
Thomas Judson Weed, Quartermaster Corps.

Peter Emanuel Skanse, Air Corps.
Malcolm Nebeker Stewart, Air Corps.

James Austin Gilruth, Quartermaster Corps.

Henry Clyde Clark, Judge Advocate General's Department.

Arthur George Liggett, Air Corps.
Jacob Herman Osterman, Quartermaster Corps.

Westside Torkel Larson, Air Corps.
Andrew Daniel Hopping, Quartermaster Corps.

Edward Herendeen, Field Artillery.

To be captain

Richard Irving Crone, Medical Corps.

To be majors

Leland Grant Meder, Dental Corps.
Samuel Rush Haven, Dental Corps.

To be captains

Willard Graham Davis, chaplain.
Earl Dwight Compton, chaplain.

APPOINTMENT BY TRANSFER, IN THE REGULAR ARMY

First Lt. Augustin Mitchell Prentiss, Jr., to Chemical Warfare Service.

PROMOTIONS IN THE MARINE CORPS

To be colonel

Franklin A. Hart

To be lieutenant colonels

William S. Fellers
Ralph D. Leach

To be majors

Frank G. Dailey
Frank H. Wirsig

To be captains

Michael Sampas
William G. Robb
John H. Masters
Leonard M. Mason
Walter N. Flournoy
Kenneth A. King
Arthur B. Barrows
Marion M. Magruder

Wood B. Kyle
Russell E. Honsowetz
Russell B. Warye

To be second lieutenants

Carl M. Johnson
George D. Webster

POSTMASTERS

NEW JERSEY

Sarah V. Dickerson, Denville.
John P. Leonard, Elizabeth.
Vincent J. Tuite, Harrison.
Verna A. Cox, Magnolia.
Kemp C. Wetmore, Tuckerton.

OHIO

Mayme E. Puterbaugh, Centerville.

PENNSYLVANIA

Viola DeFino, Adah.
Walter P. Dunwoody, Bareville.
Emilie D. Hunt, Dingmans Ferry.
Violet M. Burrell, Indianola.
Jewett Shirm, Montoursville.
Margaret M. Ryan, Oreland.
Samuel F. Snyder, Paxinos.
Park C. Shank, Jr., Peach Bottom.
William A. Donovan, Sutersville.
Lewis E. Hatch, Whitmarsh.

HOUSE OF REPRESENTATIVES

THURSDAY, DECEMBER 18, 1941

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

In humble adoration and praise, our Father in heaven, we pray that we may have a vision of our duty and without hesitation or delay seek to know Thy will. We pray that even misfortune, often unseen under cloudless skies, may open our souls. Laying this truth to our hearts, do Thou put Thy hand upon us as a balm for every wound; through this ministry all may come into the healing wisdom and light which is the purpose of the divine mind. We ask for the spirit of the Master, for through it labor becomes sanctified, devotion hallowed, and every truth is the light of life. Inspire us to love Thee, O Son of Man; for Thy strength and tenderness and for all Thou hast brought us of consolation, of peace and warmth of heart, we thank Thee. Abide with us, teaching us to see the divine spark in the poor, the unfortunate, and the helpless on the highway of life and Thine shall be the praise. Through Christ our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 6223. An act to establish the composition of the United States Navy, to authorize the construction of certain naval vessels, and for other purposes.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2119. An act to prohibit the possession of dangerous weapons and explosives on board certain vessels.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5558. An act increasing motor-vehicle-fuel taxes in the District of Columbia for the period January 1, 1942, to June 30, 1949.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 2096. An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes.

The SPEAKER. The Chair recognizes the gentleman from California [Mr. LEA].

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. LEA. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce of the House may have until 12 o'clock tonight in which to file a report on the bill (H. R. 6263) to amend section 606 of the Communications Act of 1934 for the purpose of granting to the President, in time of war or threatened war, certain powers with respect to communications by wire.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CERTIFICATION OF DRUGS CONTAINING INSULIN

Mr. LEA. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 6251) to amend the Federal Food, Drug, and Cosmetic Act of June 25, 1938, as amended, by providing for the certification of batches of drugs composed wholly or partly of insulin, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman from California explain the nature of the bill?

Mr. LEA. I shall endeavor to do so. There is an emergency situation that caused our committee to act on this bill at the present time. The report before the House represents the unanimous opinion of the committee.

The patent on insulin expires on the 23d of this month. Control of the manufacture of insulin is in the hands of the University of Toronto. The patent is owned by the University of Toronto, and manufacturers in the United States act under license from the committee on insulin of that university.

Control of insulin quality by the University of Toronto has been most commendable. That control has been on a nonprofit, humane, and scientific basis. It has required that all manufacturers comply with the standards set up by the committee on insulin in order to engage in its manufacture or sale. This control was through ownership of the patent right.

On expiration of the patent, present control over the situation will cease and

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At the end of the emergency great care must be taken in the disposal of the houses constructed under this program so that there will be the least possible economic dislocation. The committee recommends that no limitation should be placed on the discretion of the Federal Works Administrator to dispose of these houses. However, we believe that the Federal Works Administrator should immediately make long-range plans and surveys so that these houses may be disposed of as advantageously and expeditiously as possible to the Government's interest.

SECTION 6

Section 304 of the Lanham Act provides that the Federal Works Administrator is to fix fair rentals on projects developed pursuant to the act which were to be within the financial reach of persons engaged in national defense. The pending bill provides that the Administrator shall fix fair rentals, based on the value thereof. Under the amendment rentals to be charged Army and Navy personnel are to be fixed by the War and Navy Departments.

Prior to September 27, 1941, the Federal Works Administrator charged rentals based on the income of the worker. Under this schedule, a person receiving an annual income of \$700 to \$800 paid a monthly shelter rent of \$13. A person receiving an annual income of \$800 to \$1,000 paid a monthly shelter rent of \$14. A person receiving an annual income of \$1,000 to \$1,200 paid a monthly shelter rent of \$17, etc. A new rental scale was put into effect on September 27, 1941, establishing a rent scale based on value (an economic rent). For a one-bedroom dwelling, a monthly shelter rent of \$27.50 is charged; for a two-bedroom dwelling, a monthly shelter rent of \$30; for a three-bedroom dwelling, a monthly shelter rent of \$32.50. The committee has found that the former schedule of rents, based on income, was the subject of marked dissatisfaction. Defense workers objected to occupying subsidized homes. The wages of the defense workers are sufficient to pay an economic rent. Because of this dissatisfaction with the rent schedules formerly in effect, many defense workers would not move into defense projects. We agree with the reasons set forth by the prospective occupants, and therefore concur with this provision of the House amendment.

Under this section, the Federal Works Administrator is charged with the duty of managing Lanham Act units. Management agencies have been designated for 96 projects as of September 12. The Division of Defense Housing, under the direction of the Federal Works Agency, manage 30; the Army, 8; the Tennessee Valley Authority, 1; and the Farm Security Administration, 1. The committee has found that although in a great many localities local housing authorities have an organization capable of managing Lanham Act units, the Division of Defense Housing has created a separate new staff for this purpose.

For example, at Newport, R. I., the local housing authority constructed a 262-unit and a 538-unit project to house naval enlisted personnel. The local housing authority manages the 262-unit project, but a separate staff has been employed by the Division of Defense Housing to manage the 538-unit project, although the 2 projects are in close proximity and house workers employed at the same place.

The committee believes that insofar as possible, management policies should be localized and not concentrated in Washington. The committee recommends that in such communities where local housing authorities have been established, such housing authorities in every instance should act as the managing supervisor for Government defense housing projects in that area. In this way, problems peculiar to various localities can best be solved.

SECTION 7

Section 305 of the Lanham Act provides that the Federal Works Administrator can utilize any Federal or local public agency for the construction of housing units. Under this authority, as of September 12, the following agencies have been designated as agents for Lanham Act construction by the Federal Works Administrator:

	Units	Projects
Public Building Administration.....	32,527	147
U. S. Housing Authority.....	24,777	96
Division of Defense Housing, Federal Works Agency.....	16,413	55
Mutual Ownership Defense Housing Division of Federal Works Agency.....	4,600	10
Navy Department.....	2,762	9
Farm Security Administration.....	1,485	6
Alley Dwelling Authority.....	550	2
War Department.....	495	1
Tennessee Valley Authority.....	250	1

Eleven local housing authorities act as agents for the Division of Defense Housing of the Federal Works Agency; 73 local housing authorities are engaged in defense-housing construction under the supervision of the United States Housing Authority. Thus 9 agencies, in addition to local housing authorities, have been designated as agents for the Federal Works Administrator for Lanham Act construction. Of these 9, the Public Building Administration, the United States Housing Authority, the Division of Defense Housing, and the Mutual Ownership Division of the Federal Works Agency are component agencies of the Federal Works Agency.

The committee has found that this diffusion of authority has created duplication of effort. An example is offered in the case of the Federal Works Agency itself. At the beginning of the Lanham Act program in 1940, only two of the above agencies of the Federal Works Agency, the Public Buildings Administration, and United States Housing Administration were designated for defense-housing construction. Subsequently, two additional divisions were created within the Federal Works Agency for the construction of Lanham Act units, the Division of Defense Housing and Mutual Ownership Division. Each of these four agencies acts independently of the other. Each has a separate and complete technical and construction staff. To create such a staff these new divisions have found it necessary to take personnel from the already existing construction agencies of the Federal Works Agency. Savings could be effected by combination of personnel, by one concerted and coordinated planning effort and by combination of purchasing power.

At Pittsburgh, a local housing authority was created under the direction of the United States Housing Administration; it engaged in a extensive low-cost housing program. The Federal Works Agency Administrator is making us of this local authority in the construction of Lanham Act units. But, although the United States Housing Administration has a complete organization supervising the local housing authority in this program, the Federal Works Administrator established a regional office of the Division of Defense Housing to supervise the defense work of the local housing authority. No reason is apparent for the Division of Defense Housing supervising local housing authorities in their construction work, since the United States Housing Administration has a trained staff working in close relationship with the local authorities.

The committee found that not only is there lack of coordination among the agencies of the Federal Works Agency itself but also between the Federal Works Agency and other governmental agencies engaged in Lanham

Act construction. For example, the Public Buildings Administration constructed many defense-housing units to service Army enlisted personnel, yet no effort was made to use equipment previously recaptured by the Army. A substantial savings might have been effected thereby. Similarly, although component Federal Works Agency agencies constructed housing for the Navy, there was no interchange of plans and standards between construction agencies and the Navy, although the Navy, through past experience in the defense-housing field, had perfected plans and specifications for low-cost housing.

The committee recommends that housing construction under this amendment be confined to the Army, the Navy, the Public Buildings Administration, and the United States Housing Authority. The amendment proposed by the House Committee on Public Buildings and Grounds would eliminate the United States Housing Authority from future Lanham Act construction under the defense-housing program. The committee believes that this would be a great mistake. The United States Housing Authority has had long and valuable experience in the housing field. In its investigation of the defense-housing program the committee found that the United States Housing Authority performed its portion of the construction work rapidly, efficiently, and economically.

The committee further recommends that a greater effort be made to coordinate the activities of these agencies so that the duplication of effort will be eliminated.

The committee found that most defense housing construction under the Lanham Act has been built without sufficient consideration for local conditions and problems. Much resentment has been caused in local communities because there has not been sufficient regard by the defense housing construction agencies to site selection, planning, and architectural design. In many instances the architectural design of the housing units is foreign to anything ever erected in that community. The committee believes and recommends that in those communities where there are local housing authorities, such housing authorities should be utilized for construction of defense housing in that area. The committee recommends that such housing authorities, having been set up under the supervision of the United States Housing Authority, should work under the supervision of the United States Housing Authority for this defense housing construction.

These housing authorities are most cognizant of local problems and local needs. They have, in most instances, available personnel and are readily adaptable to supervise the construction of defense housing units.

SUGAR QUOTAS

The Senate resumed the consideration of the bill (H. R. 5988) to amend the Sugar Act of 1937, as amended, and for other purposes.

The VICE PRESIDENT. The clerk will state the amendment reported by the committee, which is in the nature of a substitute.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause and to insert:

That section 513 of the Sugar Act of 1937, as amended (relating to termination of powers of the Secretary of Agriculture under the Sugar Act), is amended to read as follows:

"SEC. 513. The powers vested in the Secretary under this act shall terminate on December 31, 1944, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1944 and previous crop years."

SEC. 2. Subsection (a) of section 301 of the Sugar Act of 1937, as amended, is amended by striking out "in the 1937, 1938, and 1939 crops" and inserting in lieu thereof "in the 1940 and subsequent crops."

SEC. 3. (a) Subsection (a) of section 304 of the Sugar Act of 1937 is amended to read as follows:

"SEC. 304. (a) The amount of the base rate of payment shall be 80 cents per hundred pounds of sugar or liquid sugar, raw value."

(b) Subsection (c) of section 304 of the Sugar Act of 1937 is amended to read as follows:

"(c) The total payment with respect to a farm shall be the product of the base rate specified in subsection (a) of this section multiplied by the amount of sugar and liquid sugar, raw value, with respect to which payment is to be made, except that reduction shall be made from such total payment in accordance with the following scale of reductions:

"Reduction in the base rate of payment per hundredweight of such portion

"That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons raw value:

"350 to 700.....	\$0.05
700 to 1,000.....	.10
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More than 30,000.....	.50"

SEC. 4. (a) Section 307 of the Sugar Act of 1937 is amended to read as follows:

"Sec. 307. This title shall apply to the continental United States, the Territory of Hawaii, Puerto Rico, and the Virgin Islands."

(b) The amendment made by this section shall be applicable to the 1942 crop and subsequent crops.

SEC. 5. Section 3508 of the Internal Revenue Code (relating to termination of taxes under the Sugar Act) is amended to read as follows:

"Sec. 3508. Termination of taxes: No tax shall be imposed under this chapter on the manufacture, use, or importation of sugar after June 30, 1945."

SEC. 6. Section 503 of the Sugar Act of 1937, as amended (relating to payments to the Commonwealth of the Philippine Islands), is amended by striking out "June 30, 1942," and inserting in lieu thereof "June 30, 1945."

The VICE PRESIDENT. The question is on agreeing to the amendment in the nature of a substitute.

Mr. McNARY. Mr. President, I think some statement should be made in regard to the amendment in the nature of a substitute.

Mr. JOHNSON of Colorado. Mr. President, I shall be very glad to explain it if the Senator will give me an opportunity to do so.

It is generally recognized that legislation in a democracy is more or less of a compromise. That is especially true with respect to legislation on the subject of sugar, and specifically that is true of the pending measure.

House bill 5988, as reported by the Finance Committee, is primarily an extension of an act of Congress which is first and foremost sugar-consumer legislation, since it protects the sugar consumers of the United States against wide swings in price, recurring scarcities of supplies and uncontrolled speculation by sugar brokers and others. House bill 5988 is not in any sense special sugar refiner legislation, or foreign sugar producer legislation, or offshores-producer legisla-

tion, or sugar-beet or domestic cane-sugar legislation; rather it is legislation which seeks to establish equity among all the interested parties. It is a compromise of their conflicts and a safeguard of their existence, and, at the same time, it guarantees the sugar consumer a fair price and the sugar worker a living wage. It satisfies no one completely, yet it protects the whole industry against chaos, confusion, and utter ruin, considerations in which the consumer of sugar is tremendously interested. For these reasons House bill 5988 is not only vital legislation to the producer but it is wholesome legislation for the consumer.

I cannot overemphasize its protection to the consumer. Without its wise provisions the price of sugar would fluctuate from very low levels to extremely high levels. Without its control features, chaos and confusion would bedevil the sugar market, and sugar would move from abundant supplies to devastating scarcities.

At times domestic producers need protection against foreign and insular dumping of distressed sugar, and at other times domestic producers provide almost the only source of supply for the sugar consumer of the United States. Such a time is close at hand now. If it were not for the sugar beets of the West and the Middle West and the cane fields of Louisiana and Florida, the people of the United States today would suffer from an inadequate supply of sugar, or they would be compelled to pay such an exorbitant price for it that it would be prohibitive, and sugar would not be used except as a luxury. That recurring situation is justification for the enactment of the original Jones-Costigan Sugar Act and the extensions of it in 1937, 1940, and in this good year 1941.

Domestic-sugar production cannot be turned on and off like a spigot; it is an industry that must be planned years in advance. The cane growers of Louisiana and Florida and the beet growers of the West cannot be in and out of production. They cannot time the growing of their crops to fit a suddenly increased war demand. They cannot pick years of shortage in which to grow sugar beets and sugarcane. It takes a long time for cane sprouts to reach maximum production, and the sugar-beet farmer must practice crop rotation and prepare his fields for beets 3 or 4 years before he plants the seed. For these reasons, domestic cane and beet growers must have protection against sugar dumping in certain years so that they can answer their country's call on the day of extreme sugar shortage. World War No. 1 and its disastrous sugar shortage, followed by World War No. 2 and the threat of a repetition of sugar shortage, prove how vital it is to the consumers of the United States that the domestic cane and beet farmer be preserved.

Sugar legislation as enacted and reenacted by the Congress accomplishes the orderly processes of production through the quota system, promotes a square deal to the sugar farmer and his labor through benefit payments, and protects the consumer by adjusting the supply of sugar to the changing demand for sugar.

In order to give the Secretary of Agriculture regulatory power over production, wages, living standards, working conditions, and soil conservation in the sugar industry, the Sugar Act of 1937 provided a processing tax of 50 cents a hundred pounds of raw sugar, to be refunded in part to the growers of cane and beets. Please note that this tax is not to come out of the pockets of the consumers of sugar, but is levied on the processors in such a manner as to make it impossible for them to pass it on to the consumer. The retail price of sugar has been actually lower since the tax was imposed than before the tax was levied, which is absolute proof that the consumer does not pay it.

There is nothing mysterious about the burden of this tax. It does not violate any economic law. The Secretary of Agriculture is merely empowered by the act to adjust the supply of sugar to the demand for sugar, and the law of supply and demand, in accordance with economic law, determines the retail price. At the present time, however, Mr. Leon Henderson, in his difficult fight against inflation, has fixed the price at \$3.50 a hundred pounds of raw sugar, without regard to tariffs, processing taxes, or the law of supply and demand.

All growers who conform to the Secretary's regulations under the act receive a refund payment, generally referred to as a benefit payment. Since the total amount collected in the form of taxes is greater than the total of these payments, the United States Treasury realizes a substantial favorable balance on the transaction. Sugar is the one agricultural commodity which supports a special tax to provide for its own production control, higher labor standards, and soil conservation. All other agricultural programs are supported out of the Treasury of the United States by the taxpayers.

Without refund payments, it is my opinion that small and large growers alike would be unable to remain in the sugar business. Few sugar farmers, if any, realize a profit other than a small portion of their refund payment.

At least, that is universally true of the small growers, such as we have in Colorado. I am told, and I believe, that almost every large grower would be wiped out completely if the processing taxes were continued, and if the payments were withheld. In that case the entire economy of the cane areas, especially in Puerto Rico and Hawaii, where sugar is the principal source of income, would be completely destroyed. I have visited the Hawaiian Islands and made a thorough and first-hand study of the operation of this act there, and I am convinced that sugar refunds are passed on to the workers on the sugar plantations. If they are not, the fault rests entirely with the Secretary of Agriculture. At any rate, standards of living are very much higher in all the sugar areas now than before the enactment of this legislation, so I must conclude that the Secretary of Agriculture is doing his duty.

I hold no brief for corporation farming. Generally speaking, I am vigorously opposed to it. In my State, beets are grown by small farmers who also grow

other crops, but as an American citizen concerned with the outposts of our national defense, I am interested in the prosperity of our insular possessions, which for the present cannot escape corporation farming without disrupting their whole economy.

It should be borne in mind that the benefit payment of 60 cents to American growers was paralleled by tariff reductions of 60 cents to Cuban growers when the Cuban tariff on sugar was reduced from \$1.50 to 90 cents. Those who criticize the large refunds which go to growers in Hawaii and Puerto Rico remain painfully silent on the tariff-reduction refunds which go to corporation farmers in Cuba. There is this difference in the two refunds, however: Benefit payments to our insular and continental growers are conditioned upon the adoption by them of high labor standards in the sugar industry, while the tariff refunds to Cuba impose no such requirement.

I repeat, conditional payments come from the sugar industry itself, out of which the Treasury realizes a favorable balance. Small growers also realize the only profit possible for them out of the benefit payments. Consumers are affected not at all. Any further increase of the burden of large growers is neither necessary nor advisable, and would in all likelihood disrupt the economy of the sugarcane areas. In other words, no matter how large their payments may be, large growers receive less than they contribute.

On December 1 the House of Representatives passed H. R. 5988 by an overwhelming vote. It provided for the increase of continental quotas for both sugarcane and sugar beets and a reduction of insular and foreign quotas. It established a new formula for the distribution of possible Philippine deficits, and it changed the definition of liquid sugar. All these changes were equitable, desirable, and constructive.

Since the passage of this measure by the House, however, the United States has entered World War No. 2, and every phase of our economy, including economic legislation, must be merged into the war effort and made consistent with its operation. The Senate Finance Committee, therefore, deemed it expedient and sensible to delete all Western Hemisphere controversies from this measure and to enact only such provisions as appeared absolutely essential to the proper functioning of the sugar industry. The substitute bill written by the Senate Finance Committee does three things—and I shall be very glad now to have the attention of the Senator from Oregon [Mr. McNARY], who a moment ago desired to know what the substitute bill proposes to do.

Mr. McNARY. The Senator has my undivided attention. I have been very much interested in his speech.

Mr. JOHNSON of Colorado. I wish to tell the Senator now just what is proposed to be done by the substitute measure, about which he made inquiry a moment ago. These are the changes which appear in the substitute measure:

First. The provisions of the 1937 Sugar Act, including penalties for child-labor

violations, and processing taxes, are extended and continued 3 additional years. The time within which refunds may be made of taxes collected on Philippine sugar is also extended 3 years.

Second. The conditional refund base payments are increased to small producers of sugar beets and sugarcane whose total output is less than 350 tons, from 60 cents a hundred pounds raw sugar to 80 cents. Benefit payments to larger producers are scaled downward by this measure.

Third. Benefit payments are extended to the Virgin Islands.

These are the three main changes contemplated by the substitute measure.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. McNARY. I do not desire to interfere with the reading by the Senator of his manuscript, which is most informative on the subject, but did the committee as a whole agree to the bill as now introduced?

Mr. JOHNSON of Colorado. Yes; the Senate Finance Committee agreed to the substitute bill in place of the House bill. We were able to reach an agreement as quickly as we did because of the situation which has developed in the world since we became involved in the war and since Cuba became involved in the war. We thought it best not to have any hemispheric controversy in the bill. I may say to the Senator, however, that the Finance Committee did not unanimously accept the substitute bill. I think every member of the Senate Finance Committee liked the substitute better than the original for the reasons I have given, but the vote was not unanimous. As I recall, it was 10 to 5. Five members were opposed to some provisions of the bill.

Mr. McNARY. I am very happy to have that statement. The Senator has not abandoned the principle or the hope that as a matter of justice to the American producers eventually they must have an increased and expanded allocation of the sugar-beet acreage?

Mr. JOHNSON of Colorado. No; we have not abandoned that hope at all.

Mr. McNARY. That is the concept and the end for which in normal times the Senator will be found working after the so-called emergency is ended.

Mr. JOHNSON of Colorado. That is correct, sir.

Mr. McNARY. After all, this is simply an emergency measure to meet a situation which has arisen.

Mr. JOHNSON of Colorado. Yes. What we propose by the bill is to meet the emergency situation.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. BYRD. The proposed legislation is to last for 3 years.

Mr. JOHNSON of Colorado. Well, how long is the emergency going to last?

Mr. BYRD. I do not know. The proposed legislation is not necessarily for the emergency. Heretofore such legislation, as I understand, has been enacted for 1 year. I should like to ask the Senator from Colorado why it was thought necessary to provide that the bill shall

remain in effect for 3 years instead of 1 year, which heretofore has been the life of similar legislation?

Mr. JOHNSON of Colorado. We have had sugar legislation extending over a period of 3 years. The original Jones-Costigan Act extended over 3 years, and the life of the Sugar Act of 1937 was 3 years.

Mr. BYRD. The Senator must be mistaken as to that, because this character of legislation has come up annually certainly for the last 3 years.

Mr. JOHNSON of Colorado. It came up in 1940.

Mr. BYRD. The Senator says the proposed legislation is for the period of the emergency. Is the Senator willing to accept an amendment, as suggested by the Secretary of Agriculture, that this legislation continue in effect only during the emergency?

Mr. JOHNSON of Colorado. No. I should be very much opposed to such an amendment.

Mr. BYRD. Then, the legislation which the Senator proposes is for a period longer than the emergency. The Senator intends it to continue for a period longer than the emergency.

Mr. JOHNSON of Colorado. "Emergency" is a rather indefinite term, and, as I have already pointed out, the growing of either sugarcane or sugar beets is something which cannot be discontinued. It is somewhat like the growing of apples.

Mr. BYRD. The Senator intends to make the proposed legislation permanent, so far as he is able to do so. Is not that correct?

Mr. JOHNSON of Colorado. Certainly, that is correct.

Mr. BYRD. Then it is not for the period of the emergency as the Senator said in reply to the question asked by the Senator from Oregon?

Mr. JOHNSON of Colorado. Mr. President, I believe the Senator from Virginia misinterpreted the question asked by the Senator from Oregon. The Senator from Oregon wanted to know whether we were abandoning the principle of increasing quotas in the United States, so that eventually the United States would be able to provide a larger percentage of the consumptive demands of the United States. That is how I understood the Senator's question.

Mr. McNARY. Mr. President, that is correct; and I also stated that I would be willing to cooperate with those interested in the expansion of the area as soon as the emergency is over.

Mr. JOHNSON of Colorado. That is correct.

Mr. McNARY. The able Senator from Virginia has raised a point with which I was not familiar. I did not know that the proposed legislation was to be for 3 years. I have not had an opportunity to study the bill. I thought it was for 1 year.

Mr. JOHNSON of Colorado. No; it is for 3 years.

Mr. McNARY. Well, that puts a very different aspect on the question.

Mr. BYRD. At this point I should like to read to the Senator from Oregon what Secretary Wickard wrote—

Mr. JOHNSON of Colorado. If the Senator will permit, I should like to finish my statement.

Mr. BYRD. What I was about to say deals directly with the particular point now under discussion.

Mr. JOHNSON of Colorado. Very well; the Senator may proceed.

Mr. BYRD. The Secretary of Agriculture wrote a letter to the Senator from Georgia [Mr. GEORGE] dated December 9, 1941, in which he said:

Certain transitory circumstances connected with the agricultural conditions in several of the sugar-producing localities tend to justify an increase in the basic rate of payment to small producers for the 1942 and possibly subsequent crops as a part of an emergency policy. If made permanent, however, such an increase, in view of the tax features of the bill, would establish a discrimination against California, Florida, Hawaii, Louisiana, and Puerto Rico. It also would place some processors in a more advantageous position than others with respect to acquisition of raw material. I recommend, therefore, that the proposed increase in the basic rate of payment be made operative only so long as the present defense emergency continues.

That is a definite proposition, because the period of the emergency is determined by the President of the United States. I wish to ask the Senator from Colorado why he is unwilling to accept the recommendation made by the Secretary of Agriculture?

Mr. JOHNSON of Colorado. In the first place, I wish to ask the Senator from Virginia whether that letter was written with respect to the substitute bill, or with respect to the bill as it originally came from the House.

Mr. BYRD. The letter was written on December the 9th to the chairman of the Finance Committee.

Mr. JOHNSON of Colorado. Yes, and we did not offer our substitute until after that date.

Mr. BYRD. No; but the same conditions would prevail, would they not, with respect to the emergency in connection with either one of the two proposed pieces of legislation?

Mr. JOHNSON of Colorado. I do not know what the Secretary of Agriculture may think of the substitute. I do not have any letter from him on the subject. Does the Senator have any word from him?

Mr. BYRD. With respect to payments and the rate of taxation there is not much difference between the substitute and the original bill, is there?

Mr. JOHNSON of Colorado. No; but there is a great difference between the two measures. As the Senator from Oregon has pointed out, many of the growers in continental United States are very anxious to have increased quotas. During the emergency we have given up that hope.

Mr. BYRD. Is the Senator willing to defer the consideration of this bill until we can ascertain what the Secretary of Agriculture thinks about the substitute?

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. GEORGE. The representatives of the Agricultural Department advise the chairman of the committee that they

have no objection to the substitute. I have before me a letter from the Secretary of State which I desire to put in the RECORD, in which he uses the following language:

I am glad to inform you that the proposed substitute, unlike H. R. 5988 as originally introduced, would be unobjectionable from the point of view of our international relations.

I ask unanimous consent that the entire letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, December 18, 1941.
The Honorable WALTER F. GEORGE,
United States Senate.

MY DEAR SENATOR GEORGE: Thank you very much for your letter of December 12, 1941, informing me that the Finance Committee has reported out a substitute for H. R. 5988, An act to amend the Sugar Act of 1937, as amended, and for other purposes. I am glad to inform you that the proposed substitute, unlike H. R. 5988 as originally introduced, would be unobjectionable from the point of view of our international relations.

Sincerely yours,

CORDELL HULL.

Mr. GEORGE. All the other agencies of the Government which seriously object to any legislation that would disturb the relationship existing between the United States and Cuba and other sugar-producing areas outside the United States were at first disturbed by House bill 5988, but all have expressed themselves as being satisfied with the substitute which has been reported by the committee.

Mr. BYRD. The letter from Secretary Wickard recommends that the proposed increase in the basic rate of payment be made operative only so long as the present defense emergency continues.

Mr. JOHNSON of Colorado. He may have had in mind some increased quotas because of Philippine deficits, for all I know. That plan was a part of the original act passed by the House.

Mr. BYRD. The Secretary of Agriculture further says:

I also recommend that, since the increased payments proposed in the bill are not confined by the proposed scale to the level of production typical of small farms, the committee reexamine it with a view to further limiting its application.

As a matter of fact, the bill applies to the great corporations which are receiving \$600,000 or \$700,000 out of the Treasury of the United States. They would receive an increase in addition to what they have been receiving.

Mr. JOHNSON of Colorado. In this bill we did scale down some of the payments to the large corporations. Let me say that the Secretary of Agriculture offered the same objections to Members of the House when they had before them the present act, and the House passed the measure by a tremendous vote. Of course, it is perfectly proper for the Secretary of Agriculture to offer his objections to and his criticism of legislation. But, after all, we must act on our own judgment.

Mr. BYRD. I made the observation only because of some question as to where the Secretary of Agriculture stands. Is the Senator willing to accept an amendment to limit the operation of the bill to 1 year, as has been the custom in the past?

Mr. JOHNSON of Colorado. The Senator from Colorado is not willing to accept such an amendment. As I pointed out to the Senator, the growing of sugar is very much like the growing of apples; it cannot be confined to 1 year; it is a long, drawn-out process.

Mr. BYRD. I hope the profit from it is better than the profit from growing apples. I think it is, when under the terms of the act corporations which grow sugar receive \$500,000 or \$600,000 a year out of the Federal Treasury. That is not the case with any apple growers of whom I have heard.

Mr. THOMAS of Idaho. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HILL in the chair). Does the Senator from Colorado yield to the Senator from Idaho?

Mr. JOHNSON of Colorado. I yield.

Mr. THOMAS of Idaho. The Senator from Virginia raised some question about the time involved in raising sugar. I think he is not quite familiar with the sugar-beet business, or he would not raise the question.

Around the first of January of each year we are confronted with the problem of what sugar legislation we are to have for the following year. Our sugar-beet growers, thus, in preparing the ground, have no idea what the situation is to be, and, therefore, do not know whether to grow beets. In my opinion the committee showed its wisdom in conceiving the idea of making the program a 3-year program instead of a 1-year program. In this way, the producer is able to plan ahead.

As to the increase in the payment, it is apparent that the administration has decided to reduce the tariff on sugar from Cuba about 15 cents a hundred pounds. The increased payment simply offsets that reduction. That is the argument for it. Beet growers and cane growers feel that if there is to be a reduction in the Cuban tariff it should be passed on. It does not make any difference in the price of sugar, but it does give the farmers a chance to obtain an additional price, to which they are entitled.

I think those are the reasons for the increased payment.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. BUTLER. While we are on the subject which has been touched upon by the able Senator from Georgia I should like to ask the Senator from Colorado if the proposed amendment would in any way affect the proposal in the bill as passed by the House, permitting an increase of approximately 4 percent in continental acreage.

Mr. JOHNSON of Colorado. No. We abandoned that principle entirely because of the international situation.

Mr. BUTLER. Of course, this is a very poor time to assume a policy of nationalism in the discussion of any mat-

ter. Nevertheless, we shall need sugar, just as we shall need unity. I think it is a very poor policy to restrict the development and growth of an industry such as the sugar industry. If we should do our utmost we could not produce nearly all we need. We should not follow a policy of restricting acreage and encouraging the Nation to exist upon sugar brought in from other countries, especially at such a time as this. We do not know how many more ships may be lost. I think it would be extremely unwise to abandon the provision in the original bill which permitted a 4-percent increase in acreage.

Mr. JOHNSON of Colorado. Of course, at the present time there are in effect no restrictions of any kind on acreage.

Mr. BUTLER. I have the impression that the act, as it is proposed to be extended, would operate as it has operated in the past. It became necessary to close one sugar factory in Nebraska during the past season because of the reduction in acreage, which was not a voluntary reduction.

Mr. GEORGE and Mr. O'MAHONEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Colorado yield, and if so to whom?

Mr. JOHNSON of Colorado. I promised to yield to the Senator from Georgia.

Mr. O'MAHONEY. I was about to respond to the Senator from Nebraska.

Mr. JOHNSON of Colorado. I shall be very glad to yield to the Senator from Wyoming.

Mr. O'MAHONEY. I will postpone my statement.

Mr. GEORGE. Mr. President, I wish to address this statement particularly to the Senator from Virginia, as well as to all other Senators. As I understand, at the present time there are no restrictions on acreage or markets.

Mr. JOHNSON of Colorado. That is correct.

Mr. GEORGE. That condition undoubtedly will continue for some time, probably throughout the life of the act.

However, if we are to increase acreage at this time, and maintain an allotment or quota system, under which the sugar industry has been stabilized, it must be done at the expense of somebody. It must be done at the expense of Cuba. The House bill proposed to reduce the Cuban quota by a net amount of approximately 50,000 tons. We are doing it on the theory also that the Philippines are out of the picture. We must do it on the theory also of upsetting the present relationships with the sugar-producing countries of Central and South America, and the off-shore producers.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. BUTLER. Is it not a fact that the demand for the Cuban output has greatly increased by reason of the demand from the United Kingdom and other consumers? We are not the only outlet for the disposal of Cuban sugar.

Mr. GEORGE. That is true, of course. The demand for the output has increased, but the facilities for handling it have been greatly decreased. I hope

there will be no disposition to limit the operation of the bill to 1 year, because the representatives from the sugar-producing States are most anxious to do precisely what the Senator from Nebraska has in mind. They have recognized, however, the situation as it now exists. There being no restrictions upon acreage or marketing, and since it is not likely that there will be restrictions upon acreage or marketing during the three years the bill will continue in force, if the House agrees to a 3-year extension, there would seem to be the strongest reasons why we should abandon any disposition to upset the relationships which exist between the United States and our own insular possessions in the Pacific, or the cordial relationship which exists between the United States and Cuba.

I wish to impress that fact upon the Members of the Senate, and particularly upon the Senator from Virginia. I have no concern about his quarrel regarding whether benefit payments should be made to the large producers. That is a different matter; but to suggest for a moment that we should simply postpone until the end of each year the reopening of a controversy which happily should end and which the proponents of this measure have recognized should end during this particular period would indeed be most unfortunate.

The bill which passed the House, which took away from Cuba a part of her quota, which redistributed the whole Philippine quota, and which otherwise changed the relationship between the sugar-producing areas outside continental United States and our off-shore neighbors, met with the stern opposition of the Secretary of Agriculture, the Secretary of the Interior, and the Secretary of State. As chairman of the Finance Committee, I was flooded with suggestions from the Secretary of Commerce and even from some of the temporary defense agencies which have been set up, not in opposition to permanent legislation but in opposition to the disorganization of existing conditions, under which the proponents of this measure—not because they approve it as a long-time proposal, not because they propose to abandon their contention, but because they recognize existing facts—together with the producers, the manufacturers who are interested, the representatives of Hawaii and Puerto Rico, and every one else actually concerned, thought that under existing circumstances this was the proper thing to do with the legislation, and that as now proposed it ought to be reasonably satisfactory. That is particularly true so far as our domestic producers are concerned, since they are not likely to have an acreage restriction or a marketing restriction during the next 2 or 3 years.

Of course, we cannot foresee how long the war will continue, but certainly it would be most unfortunate to invite a reopening of the whole issue next October, November, or December, when we should be confronted by identically the same world situation.

We had better dispose of the issue now. If the war should end during the 3-year period, Congress then could act. The

very able and alert representatives of the beet-sugar and cane-sugar areas, who have been pressing for legislation much in line with that which the distinguished Senator from Nebraska and his able and highly respected colleagues in this body have insisted upon, undoubtedly will be pressing for modification of this legislation as soon as the war is over and as soon as steps can be taken which will not throw out of joint our present happy relationships with our neighbors.

Mr. NORRIS. Mr. President, will the Senator from Colorado yield to me in order that I may ask a question of the Senator from Georgia?

Mr. JOHNSON of Colorado. Yes; I am glad to yield to the Senator from Nebraska.

Mr. NORRIS. I should like to ask the Senator from Georgia a question. I do so in the best of faith, realizing and believing that the Senator who ably presides over the committee which has these matters in charge is doing and has done the very best it is possible to do to meet this situation, which is recognized as almost impossible of settlement to the satisfaction of all persons interested.

An increased amount of sugar must come in from the fact that the importation of sugar from the Philippine Islands will be impossible during the emergency. Is not that true?

Mr. GEORGE. That is likely to be true. I think that is so.

Mr. NORRIS. That will mean that the supply of sugar, at least for the American people, will have to be obtained from some other source to the extent that we heretofore have gotten a supply from the Philippine Islands. It seems to me that logically follows.

Mr. GEORGE. Or else we shall have to produce it here; yes.

Mr. NORRIS. Or else we shall have to produce it here.

Mr. GEORGE. That is true. The Senator is quite correct.

Mr. NORRIS. This bill, as I understand it, does not give to the American producers any opportunity to increase their production in order to take care of the deficiency which we would face if the Philippine Islands should go out of the picture; but the bill provides that all the increased production shall come from the other offshore producers of sugar. Is that correct?

Mr. O'MAHONEY. Mr. President, will the Senator yield in order that I may answer the question propounded by the Senator from Nebraska?

Mr. GEORGE. I shall be very happy to have the Senator do so, if the Senator from Colorado will yield.

Mr. JOHNSON of Colorado. I am very glad to yield to the Senator from Wyoming.

Mr. O'MAHONEY. I think the question which has just been propounded by the Senator from Nebraska reaches the very heart of the problem and presents an opportunity to explain a point that frequently is not understood.

The quotas fixed by the Sugar Act are not fixed in terms of tons. They are fixed in percentages of an estimated amount to be consumed. Therefore,

when the consumption increases the percentage of production naturally increases also.

It is not always understood, I say to the Senators from Nebraska, that the estimate of consumption changes from year to year. The Sugar Act contains within its provisions a sentence or two designed to protect the consumer from an undue increase in the price of sugar. That feature of the act has been most effectively administered. In times past the Secretary has increased his estimates of consumption to such a point that those of us who represent the sugar-producing States made representation to him that he was increasing the supply and thereby decreasing the price and, consequently, reducing the amount which the producer was able to obtain.

Under present circumstances, there are no marketing allotments. The Secretary, in the exercise of his discretion, has withdrawn them. It should also be borne in mind that although a year ago the Secretary of Agriculture in exercising his discretion reduced by about 17 percent the acreage allowed to be planted in certain beet-sugar-producing areas, his action has now been canceled, and there is no limitation.

Mr. NORRIS. What good does it do to cancel it after the time has passed when the crop can be planted and produced?

Mr. O'MAHONEY. The Senator well knows that I quite agree with him. Both he and I protested against the reduction of acreage at the time it was put into effect, believing as we did at that time that the increased demand was about to burst upon us, as it has done. However, that is water that has gone over the dam; this is legislation for the future; and so, under the pronouncement of the Secretary, and under the decision which he has made, every producer may produce and plant as large an acreage as he desires.

Mr. BUTLER. Without risking his payments?

Mr. O'MAHONEY. Yes; absolutely without risking his payments. We believe that with the 3-year extension which is granted by the bill, when the beet farmers of America have rallied to the call and show they can produce, it will be then much more possible than apparently it is now to convince the rank and file who have not studied this problem that, in truth and in fact, this legislation is beneficial to the consumers, to the growers, to the refiners, and to every single element in the beet industry.

But if, Mr. President, we bear in mind that there is now no limitation upon the acreage that may be planted and no limitation upon the amount which may be marketed, then we shall realize that the quotas in the bill become effective only when the consumption has returned to normal, when there is no longer the demand which we now have, and when it will be necessary, then, to protect our producers of sugar beets and sugarcane against a world surplus.

Mr. NORRIS. Mr. President, will the Senator from Colorado yield?

Mr. JOHNSON of Colorado. I gladly yield to the Senator from Nebraska.

Mr. NORRIS. One thing ought to be taken into consideration. It will do no good whatever to throw down the bars and say, "Increase your acreage as much as you please," unless there are factories which can process the beets into sugar. Already my colleague has called attention to the fact that in the State of Nebraska this year there is an idle factory under such conditions as that thousands of farmers who are ready to plant and produce beets which would keep that sugar factory and several others like it going 24 hours a day cannot do it. We cannot expect a farmer to produce beets if he knows that nobody is going to be able to process them, even if we do throw down all the bars.

Mr. O'MAHONEY. May I interrupt the Senator?

Mr. NORRIS. Let me finish and then I will yield.

I am not opposing this proposed legislation, Mr. President; it is probably the very best we can get; but it still does not do justice, it seems to me, to thousands upon thousands of farmers who want to produce beets and who have the facilities to produce them. In a great many cases they have started projects to put their beet acreage under irrigation, so they may produce beets every year, and they owe the Federal Government today for the money expended on those projects. One of the reasons given when the projects were first put through was that there would be sugar-beet production—not on all the land, for no farmer wants to put all his land under cultivation to sugar beets, but on a small acreage for each farmer, perhaps 10 acres or 15 acres or less. That was one of the inducements which started the projects.

The farmers borrowed money from the Federal Government; some of the projects are in operation now, and yet a beet-sugar factory in the State of Nebraska, almost in sight of beet-producing land, is standing as a symbol unable to obtain beets which cannot be produced because of the action which was taken. If that had happened in the case of a product of which we were producing a surplus, I should not be making this argument; but it has happened in the case of a product which everyone demands. If we should utilize all the potential productive capacity that exists, we would still not be able to produce sufficient for our own supply.

Mr. JOHNSON of Colorado. I thank the Senator from Nebraska for his observations.

Mr. O'MAHONEY. Mr. President—Mr. JOHNSON of Colorado. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. I am sure both Senators from Nebraska will be interested to know that a representative of the Western Reclamation Association, as I recall the name of the organization, came to my office only a few nights ago and reported to me that one of the principal processing companies of the West, with offices in Salt Lake City, had given assurance that if this proposed legislation should be passed the company would build a new factory to process sugar beets in an area in Idaho which is not now able to have beets processed.

Mr. NORRIS. May I ask the Senator from Wyoming a question?

Mr. O'MAHONEY. Certainly.

Mr. NORRIS. I am delighted to hear the statement the Senator from Wyoming makes, but he realizes, of course, that there is, as I have indicated, a large, modern, well-equipped factory in Nebraska which is idle. We cannot expect men to invest their money in beet-sugar processing, which involves great expense, unless they are to have some continuity of operation. That would be unreasonable; we ought not to expect that.

Mr. O'MAHONEY. That is why in this bill we propose an extension of 3 years.

Mr. NORRIS. I am in favor of the extension.

Mr. O'MAHONEY. So that those who engage in the production of sugar beets may increase their acreage in order that we may have the sugar we need not only for the consumers' table but for the manufacture of munitions and in order that defense needs as well as normal domestic needs may not be curtailed. It seems to me that, as the Senator from Georgia so well stated, we should not think of reopening this question every year.

Mr. NORRIS. I do not want to reopen it every year.

Mr. O'MAHONEY. I know the Senator does not.

Mr. NORRIS. I have always felt that in the settlements we have made we have done a great injustice to a great many worthy farmers. I say that without charging any bad motive on the part of those who wanted to curtail production; but it seems very unreasonable to me that we should curtail production of a necessity of life when we are not producing the amount we consume, and afford the opportunity for increased production to other countries.

As I suggested to the Senator from Georgia, we have been taking a large quantity of the sugar of the Philippine Islands on conditions favorable to them because we wanted to help them; that is a worthy motive; but now comes on the war; it is impossible to get sugar from the Philippine Islands to the United States, and their quota has got to be supplied somewhere else or we shall be short of sugar. We ought to let our farmers produce some of that shortage.

Mr. O'MAHONEY. I quite agree with everything the Senator from Nebraska says.

Mr. NORRIS. We ought not to turn it all over to foreign producers of sugar. That is what we are doing, are we not? We are not going to permit domestic sources to produce sugar to make up the shortage.

Mr. O'MAHONEY. Under this bill, and under the particular conditions which exist at the present time, our domestic producers will be able to produce every ton which they are capable of producing and willing to produce.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Certainly.

Mr. WHEELER. Let me ask the Senator a question. Is that to be for a period of 3 years?

Mr. JOHNSON of Colorado. Mr. President, I had the floor.

Mr. WHEELER. Then will the Senator from Colorado yield to me?

Mr. JOHNSON of Colorado. Yes; I am glad to yield to the Senator from Montana.

Mr. WHEELER. I do not wish to interrupt the Senator's remarks. I am interested in the thing the Senator from Nebraska has referred to; but I am wondering, and I should like to have the Senator's opinion about it, whether under this bill the American sugar producers may go ahead for 3 years and produce all the sugar they can produce or whether, say, at the end of a year or 6 months, the Secretary of Agriculture will be able to crack down and say, "You cannot produce more than so much."

Mr. JOHNSON of Colorado. Of course, I do not think any guarantee can be made, because we do not know how long this emergency will last.

Mr. WHEELER. Of course not; but that is the very reason why I agree with what the Senator from Nebraska says.

Mr. JOHNSON of Colorado. All of us agree with what the Senator from Nebraska says.

Mr. WHEELER. After all, the position we are in is that Philippine sugar will be cut off, and possibly the sugar from some of the other sugar-producing countries will be cut off. In northern Montana and in eastern Montana there are many places where men would like to produce more sugar, but they have not been able to produce it for the simple reason that they have not been able to market it. It is impossible to induce somebody to go there and build a factory if he knows that in 6 months' time or a year's time he may be compelled to suspend operations.

It seems to me we should adopt such a policy as would permit those who want to produce sugar and can produce sugar—and it is the most profitable thing they can produce—to go ahead; and we ought to say to them, "From now on we will protect the producers of sugar in the United States, because we have before us an example of how sugar may be cut off from the other countries to which we have been looking for sugar."

Mr. BROWN. Mr. President, will the Senator from Colorado permit me to make an observation?

Mr. JOHNSON of Colorado. I will yield in a moment. Of course, that is exactly what the Senator from Colorado would like to do; but this is a piece of legislation which became involved in the whole international situation, and we have to take the best we can get. We cannot always do what we want to do.

Mr. WHEELER. I agree with what the Senator says. I appreciate what the situation is; but I also say that this is a time when we are cutting down on the production of American farm products. As was stated on the floor the other day by the Senator from Alabama [Mr. BANKHEAD], we are cutting down the production of oils in the United States, and fixing a low price on oils and other things which the American farmer produces. What appears necessary for our country at the present time is for the farmers to produce all the oils they can produce, and all the wheat they can produce, and all the flax they can produce, and all the

corn they can produce, for we shall have to have the maximum production of all these commodities. I simply do not agree with the policy which is being adopted, which is giving to South American countries and other foreign countries the right to produce the things that ought to be and can be produced in the United States.

Mr. BROWN and Mr. HOLMAN addressed the chair.

The PRESIDING OFFICER. Does the Senator from Colorado yield; and if so, to whom?

Mr. JOHNSON of Colorado. I promised to yield to the Senator from Michigan. Then I will yield to the Senator from Oregon.

Mr. BROWN. Mr. President, I want to give the Senator from Montana a little comfort along the line of his inquiry.

The head of the sugar section advised us that it probably would take from 2 to 3 years, under the ever-normal granary plan, to get a stock of sugar in the world that would bring about conditions as they were prior to this emergency. So it is more than likely, and I can say so authoritatively, that there will be no restrictions this year, or next year, or possibly in the third year. But I think, Mr. President, a word should be said in answer to what the Senator from Nebraska and others have said about the general situation.

I have been interested in sugar legislation for some time as a member of the Finance Committee, and have devoted some study to the subject. I do not think we can entirely overlook the larger aspects of this problem. In the last two sugar bills—the 1934 act and the 1937 act, and the extension which was made in 1940—we have quite generally agreed upon a policy which is an integral part of the reciprocal trade agreements. In other words, we have taken the view that there is a certain amount of this production that should be given to the producers in the United States of sugar beets and a certain amount that should be given to the producers of sugarcane, both of which to a certain extent are based upon what might be called a historical basis of fact, and a fairly substantial part of it to the territories and possessions of the United States—Hawaii, Puerto Rico, and the Virgin Islands. We have also concluded that in consonance with the reciprocal trade agreements a certain part of that market ought to be given to Cuba, a small part of it to some foreign countries, such as Peru, in South and Central America.

I am usually on the other side of this controversy, but I think something should be said here for the viewpoint of those in charge of the administration of the Sugar Act in the State Department and the Department of the Interior, both of which are deeply interested in this problem, the State Department having in mind our international relationships with Cuba and other countries, and the Department of the Interior having in mind our relationships with Hawaii and Puerto Rico, because they have general charge of our relationships with those territories of the United States. All of

them are involved; and, as I say, we cannot overlook the relation of this general policy to reciprocal trade.

It is the argument of the State Department that if we refuse to take any sugar from Cuba, or greatly reduce the amount of sugar that shall come in from Cuba, that will reduce the amount of corn products, lard, and other products that are bought from agricultural sections of the United States by Cuba. Therefore, there has been a compromise of a most difficult situation. Fortunately for the American domestic producer at the present time, there is no necessity for restrictions. Therefore, those restrictions have been raised.

I come from a State that is a fairly large producer of sugar, but I also come from a State that is a much larger consumer of sugar. My colleague [Mr. VANDENBERG] and I have both those interests in mind. I think it should be stated here that the bill passed the House of Representatives before the attack at Pearl Harbor. During that time the bill was up for consideration before the Finance Committee. Those of us on the committee—my colleague [Mr. VANDENBERG], myself, the Senator from Colorado [Mr. JOHNSON], and the Senator from Wyoming [Mr. O'MAHONEY], the author of the bill, decided that perhaps there should be a reconsideration of this matter, and that the best thing to be done was to pass a continuing resolution by which the present law would be continued, with a section giving certain increases to the domestic producers, including those in Hawaii and Puerto Rico, by way of benefit payments. We considered that it was a most unfortunate time to take anything away from Cuba, to take anything away from the Hawaiian Islands, or to take anything away from Puerto Rico. The amount taken from the two American territories was so small a percentage that it is difficult to state it. Out of something like 800,000 tons of sugar on each of those two islands, slightly over 100 tons was taken away. As a matter of percentage, I should say it is infinitesimal; but it caused a tremendous protest on the part of Hawaiian interests, and a tremendous protest on the part of Puerto Rican interests. The amount taken from Cuba was a substantial amount.

Mr. President, it is not my intention to make an extended statement regarding the bill; but I feel that a few general observations on the bill should be made by myself as a representative of a sugar-producing area in the Middle West, principally in the State of Michigan.

The developments of recent months have brought into clear relief how completely the American public depends upon the domestic sugar industry for adequate supplies and for the maintenance of a fair price.

For almost a year the difficulties of importing sugar or of bringing sugar from insular possessions have been increasing. First, the freight rates and the war-risk insurance rates increased; then the ships became scarce, and space for sugar on ships became more and more limited; finally, last week, the treacherous attack of the Japanese in

the Pacific Ocean had the effect of practically cutting off all supplies of sugar from the Philippine Islands and of making very doubtful indeed the quantity of sugar which will be delivered from Hawaii.

On the Atlantic Ocean the situation is less acute, but it is still a great deal below normal. The American consumer is confronted with the fact that shipping determines the availability of sugar from offshore areas. As a daily newspaper recently stated, "Sugar cannot swim."

It is of the highest importance to national thinking that our people shall realize the security which the production of sugar in the mainland States of the United States gives to the consumer. Above all other things, sugar which is produced within the continental States does not depend upon ships for delivery. On the other hand, there are ample supplies of sugar in different parts of the world, but some of the greatest sources are so situated today that it is impossible to bring the sugar into the ports of the United States. Java and India are large producers of sugar, but the hazards of war have practically eliminated that sugar from consideration. All other islands and tropical production areas are affected to some extent by war conditions, the extent depending in each case upon the location and proximity of the area in relation to the United States. It is not only a question of distance, but often ships which are available must be used to bring strategic and critical materials like rubber, magnesium, zinc, and other materials used directly in producing ammunition or defense essentials.

Mr. President, the House of Representatives adopted a series of amendments provided in the Fulmer bill, H. R. 5988, all of which, in my opinion, are fully justified and have the merit of being based upon the experience of the 7 years of the sugar program. However, among the provisions of the sugar bill were a series of readjustments in quotas and in the distribution of deficits from the Philippine Islands and other areas, which, unfortunately, created questions of controversy affecting Cuba and other nations of the Western Hemisphere. The domestic-sugar industry has not receded from its position of advocating these adjustments; but, in a patriotic and co-operative spirit, it has recognized that, with the Congress declaring war upon the Axis nations within the past 10 days, the time is not opportune for pressing changes which may be considered controversial by the Department of State and the President. I compliment the industry upon its willingness to take this broad view and to make this contribution to national unity and Western Hemisphere solidarity.

It has always been my position that the continental sugar industry should be encouraged to expand its production, so that in times of national emergency the United States would have to depend less upon the open lanes of ocean transportation. I have also taken this view because the record shows that the price of sugar has become progressively less to the consumer as the amount of domestic sugar

produced has increased in volume. The following list of retail prices covers the past 30 years and includes the years of our participation in the first World War:

Year:	Cents
1911.....	6.1
1912.....	6.3
1913.....	5.5
1914.....	5.9
1915.....	6.6
1916.....	8.0
1917.....	9.3
1918.....	9.7
1919.....	11.3
1920.....	19.4
1921.....	8.0
1922.....	7.3
1923.....	9.9
1924.....	9.0
1925.....	7.0
1926.....	6.8
1927.....	7.2
1928.....	6.9
1929.....	6.4
1930.....	6.1
1931.....	5.6
1932.....	5.0
1933.....	5.3
1934.....	5.5
1935.....	5.7
1936.....	5.6
1937.....	5.6
1938.....	5.3
1939.....	5.4
1940.....	5.2

During the period immediately following the first World War, when the United States sugar market was controlled by foreign producers, the average retail price was consistently above the price paid for sugar during the 1914-18 war period. In 1919 the average price paid was 11.3 cents per pound, and in 1920 the average was 19.4 cents. Even in 1923, 5 years after the armistice, the retail price of sugar averaged 9.9 cents per pound; hence a great many housewives were still paying 10 cents and over in most of the States. The total cost to consumers for the 1923 supply of sugar, when foreign areas supplied most of our consumption requirements, was \$1,047,000,000 for the 5,285,000 tons of refined sugar consumed. Ten years later, in 1933, domestic production of sugar had increased to its highest total figure, and consumers paid only \$652,000,000 for the 6,148,000 tons of sugar consumed. In 1938, 15 years afterward, when domestic areas were supplying more than two-thirds of our consumption requirements, our consumers paid an average price of 5.3 cents per pound, or a total of \$657,000,000 for the consumption of 6,267,000 tons. If American consumers had paid 9.9 cents for sugar in 1938, as they did when foreign sugar controlled the market in 1923, the total cost would have amounted to \$1,253,400,000. Thus, on the basis of price, our consumers saved practically \$600,000,000 in 1938 alone. But using Government statistics of the actual cost of each year's supply, consumers actually paid almost \$400,000,000 less for sugar in 1938 than they did under foreign sugar control 15 years previously, and they consumed a million tons more sugar. During the 10 years, 1919-28, while foreign sugar had control of our market, the average price paid by our consumers for sugar at retail was 9.28 cents per pound; and during the 10 years, 1929-38, when American sugar was gaining control of our market, the average

price was 5.61 cents. In 1940 the retail price was 5.2 cents. That is the story as told by the figures.

As a Member of the House of Representatives in 1934, I saw that the system of tariff only for sugar would not provide the protection needed by this important national industry. The tariff rate was, in my opinion, sufficient to provide protection against foreign sugars, but the tremendous increases of production in domestic islands gradually was nullifying the tariff. The Philippines must be considered domestic, because they have enjoyed free trade with the United States up to this time. But as of 1933 the Philippine Islands had increased their production and their deliveries into the United States from a normal of 251,000 tons in prewar days before 1914 to 1,580,000 tons. The cost of production in the Philippine Islands made it possible for the Filipinos to encroach upon the United States market formerly supplied by Cuba at such a rate that gradually the price of sugar had become less than the cost of production in the United States, and less than the tariff plus cost of production in Cuba.

The Congress understood what was happening, and responded to recommendations by the administration that a quota system should be established for the stabilization of the domestic sugar industry and of the sugar market in the United States. It was also true that at that time every nation in the world was seeking to make itself self-sufficient in sugar. Home production was increasing in every country of Europe and even in tropical countries. With all this activity and expansion in sugar throughout the world, and in view of the domestic problems created by islands which came within the tariff wall of the United States, it became very apparent that quotas were the only solution to provide stabilization.

Naturally the quotas provided for in the original Sugar Act of 1934 were based upon the historical background of each area. In 1937 some adjustments were made, based upon 3 years' experience. Eventually other adjustments will have to be made to perfect the system from the standpoint of the American consumer and the domestic producer.

As a practical means of providing for the equitable distribution of industry-income among growers, laborers, and processors, a tax was established by which the United States Treasury has collected approximately \$68,000,000 annually in normal years. Payments to growers out of these funds have amounted to approximately \$48,000,000, so that in fact the sugar industry has financed its own program, paying the tax direct to the Government and receiving payments direct from the Government. In the meantime the wage scale of laborers on the farm has been fixed by the Secretary of Agriculture, which is the only agricultural program in which wage scales of farm labor are fixed.

In a broad sense the sugar-quota system has succeeded in bringing about stabilization, although serious questions have been raised as to the administration of the sugar program and the need

for amendments to the act. For instance, I consider it most unfortunate that the beet-sugar growers should have had their acreage curtailed in 1941 on a national average of 17 percent when it was evident to informed persons in the domestic industry that an extreme national emergency was developing, and the need for sugar would seriously endanger the local supply and demand position. As late as April 1941, when there was still chance for the growers of Michigan and the Midwest to plant a full acreage, I joined with other Senators and Congressmen in presenting the plea of the industry that it be allowed to produce sugar without acreage curtailment. It now becomes very apparent that if this full acreage had been allowed the situation in the United States would have been improved to that extent, and the outlook for 1942 would be much brighter.

We have read recently of the announcement from Cuba that the Cubans, at least for the time being, are unwilling to sell their 1942 crop to the United States because of the price offered. It is well known that the much greater need for alcohol in the production of smokeless powder and other defense requirements will absorb a much greater amount of Cuban sugarcane than is normally the case. I mention these things to indicate how tremendously important it is from the standpoint of the American consumer that every encouragement and incentive be given to farmers to produce sugar in the continental United States and in the domestic islands.

The bill reported by the Finance Committee extends the quota system for a period of 3 years, which we hope will cover the period of national emergency. From the standpoint of the sugar industry it is very desirable to maintain the quota system, so that when peace is declared and the post-war adjustments are to be made we shall have already in effect and working a quota system which can be the basis and framework of the stabilization of the industry and of the United States sugar market in accordance with the immediate problems which may present themselves suddenly, and which could not be anticipated with any degree of certainty.

The encouragement to domestic sugar-beet and sugarcane growers is provided in the improvement of the payments from a base rate of 60 cents per hundredweight of sugar to 80 cents per hundredweight. The added payment will serve to guarantee the farmer, who will soon have to select his crops for 1942, that the returns on his sugar beets will be as attractive and satisfactory as the returns might be on beans, oats, corn, or any other competing crop. The Department of Agriculture has placed a minimum price on some of these competing crops—beans, for example—and therefore it is good public policy, if we want to make sure of a full supply of sugar in 1942, to place these various crops on a relative basis of equality from the standpoint of income to the farmer.

At the present time the Banking and Currency Committee has under consideration the so-called price-control bill,

which passed the House several weeks ago. It is my belief and expectation that this bill will provide some protection to agriculture, based upon the principle of parity. To a certain extent this price-control bill will help to maintain equality among the growers of different crops; but in the case of sugar beets and sugarcane it is not at all difficult to see how we can protect the consumers of sugar against high prices by providing a sufficient incentive in the Sugar Act for the production of sugar beets and sugarcane.

The price control will most probably be placed upon the manufactured product. Since August 1941 the Price Administrator has established a ceiling of 3½ cents per pound on raw sugar. In order to bring about parity or any percentage of parity—whether 100 percent or 110 percent or some other percentage—the effect of the ceiling on the manufactured product will necessarily require less if we first subtract the amount of the sugar conditional payment from the total price for sugar beets or sugarcane. Thus, if a 3½-cent raw ceiling will result in the beet grower receiving, let us say, \$8.50 per ton of beets, including a Sugar Act payment at the base rate of 60 cents per hundredweight, it follows that a payment at a base rate of 80 cents, or 33 percent more, will reduce the necessity for increasing the price of sugar as food prices rise, or as inflation tendencies increase, or as the parity index mounts higher. Without going into too many details, and as a member of both the Finance Committee, which considered the Sugar Act, and the Banking and Currency Committee, which is considering the price-control bill, I am convinced that the 80-cent base rate will have the doubly beneficial effect of providing an incentive for greater production of sugar, which American consumers need, and at the same time of reducing the prospect of higher prices for sugar which might otherwise result in view of emergency conditions and the general tendency of food prices to go higher.

While there are no producers of sugar beets in Michigan whose total production amounts to as much as 350 tons of sugar, I nevertheless have given considerable study to the reductions in payments to the large growers. These reductions were carefully drawn to represent treatment of relative equality among growers. I cannot accept the view that a limit or maximum flat rate should be placed upon these payments. Admitting that some of the payments appear to be very large sums of money, nevertheless a study of the fundamental set-up of the sugar program establishes the fact that most of the large producers pay more sugar taxes to the Government than they receive in conditional payments from the Government. As I stated earlier in my remarks, the effect of the tax and payment system is to bring about an adjustment in the distribution of sugar income within the industry. The sugar program is financed definitely and exclusively by payments in taxes made to the United States Treasury by the industry. In fact, the checks are not payments; they are, instead, refunds or reimbursements. The relation between tax pay-

ments and Government payments forms the foundation of the sugar program, and any attempt arbitrarily to fix a maximum has the effect of destroying the equality of treatment and compensatory provisions of the Sugar Act as a whole.

Mr. President, I voted for the declaration of a state of war because our country has been attacked, and I propose to vote for all measures which will help to bring the war to a successful conclusion. Our war effort can be successful only if we continue to be a united Nation, as we are today. It is the conclusion and decision of military experts throughout the world that the war will be won by the side which can produce the greatest amount of its defense needs. Necessarily, the first consideration will be the production of guns, tanks, and planes; but the production of foods, from the standpoint of energy and morale, is equally important in its contribution toward winning the war. Sugar is an essential food, and the rations provided for American soldiers are the highest in the world, just as the consumption of sugar in the United States is among the highest in the world. The adoption of the amendments recommended by the Finance Committee will encourage the production of sugar in the United States, and therefore will make a substantial contribution toward the morale and success of our armed forces, as well as the morale and strength of our citizens back home. The domestic industry has demonstrated its willingness to cooperate and is now awaiting the instructions and approval of the Congress of the United States. I have full confidence that the Senate will approve of the proposed amendments and will instruct the sugar producers to proceed to the greatest production of sugar in the history of our country.

Mr. MURDOCK. Mr. President—

Mr. JOHNSON of Colorado. I shall be through in just a moment, if the Senator will bear with me.

Mr. MURDOCK. The Senator's statement raises a question in my mind. He says the House bill was being considered—

Mr. JOHNSON of Colorado. And was passed.

Mr. MURDOCK. And was passed prior to the Pearl Harbor incident.

Mr. JOHNSON of Colorado. Yes.

Mr. MURDOCK. After that happened the Senate committee considering the bill thought it was necessary to abandon the House bill and write a bill as nearly the same as the 1937 law as could be written.

Mr. JOHNSON of Colorado. Practically a continuing resolution.

Mr. MURDOCK. The question arises in my mind, Is not the hazard to the Philippine exportation of sugar to the United States greater since the Pearl Harbor incident than it previously was?

Mr. JOHNSON of Colorado. There is no question about that; the Senator is entirely correct.

Mr. MURDOCK. If that be true, if the Philippine exportation to the United States is to be materially decreased, why is this not a good time to give to continental United States the benefit of the anticipated decrease in the Philippine

Island exportation, instead of to some foreign country?

Mr. JOHNSON of Colorado. The reason is that the international question would thereby be raised.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I must yield to the junior Senator from Oregon [Mr. HOLMAN] as soon as the Senator from Michigan [Mr. BROWN] concludes.

Mr. BROWN. Mr. President, I wish to make just a concluding statement. Let me say to the Senator from Utah, first, that the late Senator Adams, of Colorado, and the Senator from Wyoming [Mr. O'MAHONEY]—I think it was last spring—and others of us anticipated the situation we now face, and we provided for an allotment of that portion of the Philippine quota which they were unable to produce pretty largely among domestic producers in the United States. As the Senator remembers, that was done by a bill which was passed last spring.

My purpose in rising is merely to say that in view of what the Senators from Nebraska and others have said, I do not want the impression left that this is a matter in which there is nothing to be said and no argument to be made on the other side; that is, in behalf of producers such as Cuba and other foreign countries. I wanted to impress upon the Senate that it is a part and parcel of our reciprocal trade agreements, and we cannot entirely eliminate that from consideration here.

I think the present situation is one in which domestic producers are in a somewhat fortunate position, and there is nothing in the proposed legislation, and no prospect of anything to occur in the immediate future, at least for 2 years, which will in any way affect the right of domestic producers to produce all the sugar they wish to produce.

Unquestionably there will be strong reasons, in view of the general situation, for somewhat increasing the percentage which domestic producers will have in the future. I did want to present a viewpoint against which I have often argued here; that is, the position of the State Department and the Department of the Interior, and the general attitude of the administration toward this question.

Mr. JOHNSON of Colorado. I thank the Senator from Michigan. I yield now to the junior Senator from Oregon.

Mr. HOLMAN. Mr. President, I wish to call attention to the fact that the war in which we are now engaged must be paid for by the American people, and that the obligation of paying for the war will continue for many years in the future, and if the American producer is denied the greatest possible opportunity to create revenue out of which he will be required to pay for the war, he will be placed in a very difficult and possibly an impossible situation.

As I understand the proposed legislation, it is prompted by the fact that the production of Philippine sugar will not be available for distribution in our country. I should think that that would create a void which the American producer could participate in filling. As I understand the proposal, the Philippine

shortage is being distributed under the same old percentages to the insular and good-neighbor countries. Is that correct?

Mr. JOHNSON of Colorado. Yes; the quotas are not changed, in other words. There is merely a continuation of the quotas as set up under the 1937 act.

Mr. HOLMAN. I think the quotas should be changed so that the American producer could benefit, at least in part, from this situation, without harming in any way what we call our good neighbors.

Mr. JOHNSON of Colorado. Many of us feel as the Senator does.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield for a question.

Mr. PEPPER. I wish to ask the Senator if the new producers and new facilities in this country are not to be called upon to produce a considerable part of the deficit which must be provided by production in this country during the period of the emergency.

Mr. JOHNSON of Colorado. As I understand, we want all the producers, everywhere, to produce all the sugar they can.

Mr. PEPPER. Provision is made for new producers coming into the field now, and for new mills, possibly, coming into the field?

Mr. JOHNSON of Colorado. Such provision is not made in the proposal before us.

Mr. PEPPER. I understand that, but under the policy now in effect removing the restrictions of the quota system, it is now being made possible for anyone who wants to plant sugar beets or sugarcane anywhere in the United States to sell his product?

Mr. JOHNSON of Colorado. That is as I understand it. There are no restrictions when there are no surpluses, and since there are no surpluses in sight, the restrictions are automatically lifted.

Mr. PEPPER. And anyone who wishes to build a sugar mill may, under existing conditions, do so in the United States, may he not?

Mr. JOHNSON of Colorado. I presume he can do it at his own risk; but he must know that after the emergency is over we will have to go back to the quotas whenever a surplus is produced.

Mr. PEPPER. That is the point to which I am coming. So the committee intends, by putting these quotas back into effect, to squeeze out everyone of the newcomers who may build a mill or put new acreage into production in this country, and retain the American market for the people who are now unable to meet that market. Is not that a fair statement?

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 6215) to amend the Selective Training and Service Act of 1940 by providing for the extension of liability for military service and for the registration of the manpower of the Nation, and for other purposes, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses

thereon, and that Mr. MAY, Mr. THOMASON, Mr. HARTER, Mr. ANDREWS, and Mr. SHORT were appointed managers on the part of the House.

The message also announced that the House had passed a joint resolution (H. J. Res. 259) to authorize the commission appointed by the President to conduct an investigation in connection with the attack on Hawaii, to compel the attendance of witnesses, and the production of books, papers, and documents, in which it requested the concurrence of the Senate.

SUGAR QUOTAS

The Senate resumed the consideration of the bill (H. R. 5988) to amend the Sugar Act of 1937, as amended, and for other purposes.

Mr. GEORGE. Mr. President, if the Senator from Colorado will permit me to make a statement, I wish to say that, as a member of the Committee on Finance, I have given some little consideration to the sugar question. I can appreciate the viewpoint of the sugar producers of Louisiana and Florida and of the beet producers, and I think there is an element of justice in the position which they have taken. But we cannot afford to take a shortsighted view of this great problem, and I should like to state the problem in the large.

If we remove the quota restrictions, we shall have a condition of instability in the sugar-producing areas, including our own, unless we can levy an unconscionable tariff to keep out of the United States sugar produced outside our borders. That is all there is to it. We might as well face the situation fairly and squarely. What is the better policy in the long run—to stabilize our markets under a quota system which has been carefully worked out, which necessarily must take into consideration the other producing areas which have usually been furnishing certain sugar for our markets, or go before the American people and ask for a tariff on sugar which will support the American producer, including the refiner, at the expense of the American people directly, with that sharp controversy over the sugar tariff coming up again and again and again?

Mr. PEPPER. Mr. President, will the Senator permit me to say—

Mr. GEORGE. I should like to complete my statement, because I must leave the Senate Chamber. Mr. President, that is why we have the quota system. The Jones-Costigan Act was, in my judgment, a wise act; it was a sensible act, though it might have worked some injustice on some of our producers. I can understand the viewpoint of the distinguished Senator from Florida, coming as he does from a new area. He naturally desires the expansion of that area, and I can and do understand his viewpoint. But the Jones-Costigan Act was wisely conceived to meet a condition which actually existed, which will recur again and again.

We must meet the situation one way or the other. If we can maintain a reasonable quota system which will deal justly with Cuba, with Puerto Rico and Haiti, and with other sugar-producing areas which have been accustomed to

furnish a part of our sugar demands, my judgment is—I may be wrong, but my judgment is—that it will be infinitely better for the beet-sugar producers and for the cane-sugar producers and for the beet refineries and for the cane refineries, and for the workers in the refineries all along our Gulf and Atlantic coasts, as well as for the consumers. I say it will be infinitely better for them all if we handle the matter on a quota basis. We may admit that certain injustices exist under that system, but we must try to iron out the injustices as we gain more experience under the quota system. Again I say it is infinitely better to handle the matter on a quota basis than for those interested to be compelled to come to the Congress and say, "Here is a great industry. It is a vital industry. It ought to be fostered." All of us who understand the problem at all will agree with that statement, but if we abandon all idea of control through quota arrangement, the industry can be protected only by a tariff which will bear upon all the American people.

Have Senators forgotten the sugar debates which took place here when the Smoot-Hawley Tariff Act was being considered and when all the previous tariff acts were being considered? Those debates will come back again to haunt us and to disturb us. Those who are being benefited by the present arrangement are the refiners, the producers, and the American consumers. On the whole it seems to me the quota arrangement is the best arrangement we can work out.

Mr. President, I grant that some increase in domestic production can be obtained in some areas which it is desired to put into the production of sugarcane and sugar beets. I grant also that that situation ought to be recognized, and thoroughly and frankly recognized here, by all of us who come from other areas which do not produce sugar. But I am frank to say that this is an unhappy time to talk about that.

If we shall write into the law a provision for more sugar acreage we must do so at the expense of others whom we do not want to hurt and disturb and upset under present conditions, and at a time when the necessity for such a provision does not exist, because we have no acreage restriction and no marketing restriction now, and I dare say we shall not have for 2 or 3 years, for the general situation cannot vastly change so far as we can foresee within the next 2 or 3 years.

So, Mr. President, I appeal to the Senate to approve the solution of this question which is now proposed. There are no more intelligent leaders of the beet and sugar areas than those members of the Finance Committee who from time to time urged before the committee exactly the action which a great many other Senators, not members of the committee, desire to have taken; but when we visualize the problem as a whole, we cannot fail to realize that we shall ultimately have to rely on quotas, or there will be a constantly recurring sugar fight in the Congress, and, in my opinion, the sugar producers as well as the people of America as a whole will not fare so well—

and the domestic sugar industry should be encouraged and supported so long as we can reasonably do so—nor do I believe the refiners will fare so well, or that the labor engaged in the refineries will fare so well, and, frankly, I do not believe the American consumer will fare so well.

Mr. President, I do not mean to say that the quota system can be defended exactly as it has been worked out. That is exactly what the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Colorado [Mr. JOHNSON], and the late distinguished Senator from Colorado, Mr. Adams, and all other Senators from the sugar-producing States, have been saying all the time. But, while we cannot defend the quota system as it is, we cannot rearrange the quota system now without upsetting the relationship which ought not to be disturbed.

Mr. PEPPER. Mr. President, will the Senator from Colorado yield to me now?

Mr. JOHNSON of Colorado. I yield to the Senator from Florida.

Mr. PEPPER. I am afraid my able friend, the Senator from Georgia [Mr. GEORGE], mistook the purport of what I was trying to say. I am very grateful to the distinguished chairman of the Finance Committee for the courteous hearing we were given in the committee, and for what he has said today, from which I derive much comfort.

What I was going to say does not throw me upon either one of those objectionable horns of the dilemma which the able chairman of the Finance Committee has just pointed out. On the contrary, my question was a predicate for an amendment which I propose to offer a little bit later, the effect of which is that the Secretary shall have a discretion when these quotas go back into effect upon the expiration of the emergency, to take into consideration the new facilities which have come into the field during the emergency, both milling facilities and agricultural production facilities.

This is the situation we find ourselves in, for example, in my State. One company, about which I shall have something to say a little bit later, now has 85 percent of the cane acreage in the State of Florida. Now the quota, so far as acreage is concerned, is lifted and new producers may come into the field. They are invited into the field now. They come not only lawfully, but they come by invitation. They come to meet a public need, and they will be just as lawfully engaged in the production of sugarcane as the United States Sugar Corporation, which in the same vicinity perhaps shall carry on its production upon its acreage.

But under the quota system, as the law now provides, when the emergency is over and the quota system goes back into effect, every one of these new producers will be squeezed out, will be pushed out of the picture, will be prohibited from continuing to grow cane, and the sugar company, which was in the picture previously, will be retained in the enjoyment of the monopoly it previously possessed.

What I was eliciting from the able Senator from Colorado by my question

was: Is it not in the public interest that new producers come into the field? If it is, and if they come lawfully into the field, is it fair and just to them unceremoniously to cut them out of the picture when the emergency is over and they have rendered the service they are now invited to render to their country?

I will say to the able Senator from Georgia that I am not advocating the removal of the law from the statute books. I favor the retention of the provisions of the law which would preserve something like orderliness in the industry. But at the same time the law should contain some provision whereby there will be a discretion at least vested in the Secretary to give consideration to the new mill operators and the new producers who have come into the picture during the emergency. If we do not do that, then we are saying to them, as one of the able Senators on the committee stated the other day:

We give you fair warning. We need you now. We want you to come into the picture and produce; but we give you notice beforehand that when the cutting comes you will be the ones to be cut, not proportionately, but wholly out of the picture.

So every new producer in Montana, Nebraska, or Florida who comes into the picture during this emergency and builds a mill or produces sugar beets or sugarcane will be unceremoniously entirely deleted from the picture when the quota system comes back into effect.

All I am asking by the amendment which I shall offer a little later is that discretion be vested in the Secretary, so that when the day of restoration of the quotas comes the Secretary can at least give some consideration to the new producers and new facilities, to see to it that they are given a fair share of what there will then be to be divided.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. PEPPER. I do not have the floor.

Mr. JOHNSON of Colorado. I have the floor, but I do not seem to be making much use of it. [Laughter.]

I wish to reply to the argument advanced by the able Senator from Florida. I presume that all the war industries, when they come in to fill the war need, would like to have the same assurance which he asks for the sugar industry. I presume that all the airplane factories, the tank factories, and munitions factories of every kind would like to have some guaranty that they may continue their industry during peace times.

Mr. PEPPER. Can they not do so? Does the Senator know of any airplane factory that will become illegal? Many new airplane factories are now coming into the picture when their production is needed. Would anyone propose that they all become unlawful as soon as the emergency is over, and be prohibited from competing for the market?

Mr. JOHNSON of Colorado. The same is true of the sugar industry. There are no restrictions placed upon sugar production except when there are surpluses. I am certain that the Senator from Florida is not advocating a policy under which producers could produce unlimited quantities of sugar, demoralize the market,

and put distress sugar on the market to such an extent that no one could sell at a reasonable price.

Mr. PEPPER. I am not saying that in any sense. I am saying that the emergency has legitimized new producers and new facilities; and they are entitled to be treated like American citizens engaged in the enjoyment of a franchise, which right is inherent in American citizenship.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I promised to yield to the Senator from Montana. After that I shall be glad to yield to the Senator from Wyoming.

Mr. WHEELER. Mr. President, I entirely agree with the Senator from Florida. No one would build a factory to process sugar if he knew that possibly at the end of a year or 2 or 3 years he might be cut off. He simply would not do it. That is common sense. Investors cannot be persuaded to invest in such enterprises.

We should say to such new producers, "If you will produce sugar at this time, later you will get your share of whatever sugar is produced." Instead of leaving the matter within the discretion of the Secretary, it seems to me that in his amendment the Senator ought to provide that the Secretary must take into consideration the new producers and facilities.

Mr. PEPPER. Mr. President, I will go so far as to say—

Mr. JOHNSON of Colorado. Mr. President, will the Senator permit me to reply in part to what the Senator from Montana suggests?

From whom does the Senator from Montana propose to take the right to produce which is to be given to the new producer? We all understand, of course, that when the emergency is over we shall have more than enough producers to supply the full demand. If we are to give to somebody the right to produce, from whom are we to take it?

Mr. WHEELER. Mr. President, it should be taken from some of those who are now producing. If a new factory were built in Florida, we should see to it that such factory receives a certain proportion of the sugar allotment, so that it would not be completely put out of business. I think that is the only fair thing to do. When we are calling upon producers to build new factories, they will not build them and produce sugar unless they can sell it.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. ELLENDER. Mr. President, I do not expect to have much to say about the pending measure because the able Senator from Colorado [Mr. JOHNSON] has thoroughly explained the bill, but I do wish to make a suggestion to the Senator from Montana. As I understand the purpose of the amendment of the Senator from Florida, it is to protect new producers.

Mr. WHEELER. The Senator from Florida is talking about new processors.

Mr. ELLENDER. I think the Senator is in error. That is only incidental,

however. Suppose the increase in sugar production in Florida should be 300,000 tons, and that in the beet area should be 50,000 tons. Under the terms of the amendment which the Senator from Florida proposes to submit he would take away from the producers of beet sugar in order to take care of the increase which would be made in Florida. His desire is to do away with the well-established historical background. Would the Senator want that?

Mr. WHEELER. Yes.

Mr. ELLENDER. Mr. President, I do not agree with the Senator, and I do hope that the bill passes in its present form. I do believe that the basic quotas should be increased, and I look forward to the time when continental producers of sugar shall be permitted to grow 40 percent of our continental consumption requirements. As has been pointed out, the time may not be opportune to increase our quotas, and I am willing to await a brighter day.

Mr. WHEELER. If beet-sugar producers should establish new factories at the request of the Government, and as a result should produce greatly increased amounts of sugar, and such increases were not brought about in the cane-sugar industry, then I say that the beet-sugar factories ought to be able to obtain some of the business which formerly went to cane-sugar producers; or vice versa. Such an arrangement would be perfectly fair.

Mr. JOHNSON of Colorado. Mr. President, does the Senator want to give up the whole historic basis of the sugar industry?

Mr. WHEELER. Mr. President, I voted for the present Sugar Act, and have supported it at all times. But I must confess that when we come to consider the situation in which we now find ourselves we should consider the facts. Sugar from the Philippines is being cut off by reason of the war. What we ought to be doing is looking after the interests of the farmers and producers in the United States with a view to making our Nation self-sufficient. No other policy is wise in view of the situation facing this country today.

I am not in sympathy with those who say that manganese must be produced in some other place, at the expense of the manganese producers of this country, or that we should import copper at the expense of the copper producers of the United States, or that other materials should be imported at the expense of our own producers. The present war has demonstrated beyond all question that the United States must become self-sufficient and able to produce at home the commodities which it needs.

I was in the Senate when the sugar question was debated in connection with Smoot-Hawley bill. What are we doing today? We are taking money out of the Federal Treasury and paying it to the big refiners. I am informed that the United States Sugar Refining Co. receives more than \$400,000 a year. We are paying huge sums of money to the Hawaiian refiners.

Who brought the "fifth columnists" into the Hawaiian Islands? Who created

the situation which exists in Hawaii today with respect to "fifth columnists," about which Secretary Knox speaks? It was the sugar producers and refiners who imported Japanese labor, because they wanted to exploit cheap labor, and sent their sugar into the United States in competition with the workers and farmers in Montana and other places in the United States.

I must confess that I have not much sympathy for the sugar producers who have been doing that sort of thing. They have been exploiting the poor, unfortunate people in Cuba, Hawaii, the Philippines, and other places; and they are putting our own sugar producers out of business. In some places the sugar producers treat laborers like slaves.

Mr. JOHNSON of Colorado. Mr. President, I am inclined to agree with much that the Senator has said with regard to restrictions placed upon the domestic production of sugar. He goes into another phase of the question when he talks about the exploitation of labor in the insular possessions. One of the objectives of this bill is to raise the standards of living. That was the objective of the Jones-Costigan Act and the act of 1937; and it is the objective of the proposed extension. It has for one of its main purposes the protection of labor and raising the standards of labor under the American flag.

Mr. O'MAHONEY and Mr. PEPPER addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Colorado yield, and, if so, to whom?

Mr. JOHNSON of Colorado. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. Mr. President, what I wish to say deals with what the Senator from Florida and the Senator from Montana have been saying.

As the Senator from Colorado has just said, one of the purposes of the Sugar Act has been to put an end to the exploitation of labor to which the Senator from Montana has referred. The evidence before the committee, the evidence before the Senate, is that it has done precisely that.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I ask the Senator from Montana to allow me to answer him.

Mr. WHEELER. The Senator is not answering me.

Mr. O'MAHONEY. I ask the Senator to bear with me, please. With respect to Hawaii, the evidence before us shows that the wage rates on the plantations in Hawaii have been increased by 48.4 percent in 1941, as against 1934, when the act went into effect.

Mr. WHEELER. If the Senator will yield to me, let me ask what has been the increase in the Philippine Islands. I was in the Philippine Islands in 1927. Of course that was some time ago, but at that time the workers there were being paid only about one peso a day, or approximately 50 cents a day.

Mr. JOHNSON of Colorado. The Philippine Islands are in an entirely different status.

Mr. O'MAHONEY. Yes; that is an utterly different matter.

Mr. WHEELER. I do not have before me the figures having to do with present wage rates in the Philippine Islands, but I venture the assertion that today the workers in the Philippine Islands are not being paid any more than one peso a day, or 50 cents.

Mr. O'MAHONEY. But the Senator from Montana knows that in the Philippine Islands no benefit payment is made.

Mr. WHEELER. No.

Mr. O'MAHONEY. The Philippine Islands come under a different law, and it is beyond our power to upset it.

Mr. WHEELER. What is being paid today in the Philippine Islands? What is being paid in Cuba?

Mr. O'MAHONEY. In Cuba in 1934 the base rate, as reported in the figures I have before me, was \$1.59 a day; and in 1941 it had been increased to \$2.36 a day.

Returning to the suggestion made by the Senator from Florida, it should first be understood that all of us who have sponsored this legislation, who have introduced it in the Senate and in the House, who have argued for it before the Finance Committee, and have succeeded in bringing it out under the able leadership of the Senator from Colorado, believe in expanding our continental production of both sugar beets and sugarcane. But we are dealing with a realistic situation. If we want legislation we must deal with the facts and circumstances as we find them.

Earlier in the year the late Senator Adams, of Colorado, and I introduced in the Senate a bill for the purpose of making a reallocation of quotas in order to take care of the Philippine deficit. We believed that the condition which now actually exists was coming. I stood upon this floor and argued that shipping facilities would not be available to bring in sugar from the Philippines, and therefore that the quotas should be distributed to our continental areas which can produce the sugar. But objection was raised to my suggestion. The State Department objected to it, and took the position that we should not withdraw from Latin-American countries the possibility of benefit from participation in supplying the deficit. The State Department was able to persuade a majority of the Finance Committee that those of us who wanted a reallocation of quotas in order to supply the deficit were mistaken; and the Finance Committee filed an unfavorable report.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. If the Senator from Montana will permit me to do so, I shall get to the point he has in mind.

The Senate, however, agreed to our point of view, and passed the bill. It went over to the House, and there it never moved.

Mr. WHEELER. Mr. President, will the Senator yield to me at this point?

Mr. O'MAHONEY. Certainly; I yield.

Mr. WHEELER. Let me say to the Senator from Wyoming that apparently he seems to think that I have criticized him.

Mr. O'MAHONEY. Oh, no; not at all.

Mr. WHEELER. I realize that the Senator from Wyoming, the Senator from Colorado, the late Senator Adams of Colorado, and other Senators have done their very best and have had in view the same objective that all other Senators from the Western States have had. However, I have been pointing out that it seems to me this war has proven the fallacy of some of the things which have been done with reference to the allocation of sugar quotas and the production of sugar in the United States.

Mr. O'MAHONEY. Certainly, that is so.

Mr. WHEELER. I agree thoroughly with what the Senator has said; and no one on the floor of the Senate has worked more diligently than has the Senator from Wyoming for the benefit of the sugar-producing States; and the same statement applies to the Senator from Colorado.

Mr. O'MAHONEY. Oh, Mr. President, the mere fact that I raise my voice and wave my arms a little when I am arguing does not imply that I am criticizing in any way the statements made by the Senator from Montana. What I am referring to is the fact that the Senator from Montana arose to express some kind of agreement with the proposal made by the Senator from Florida. The Senator from Florida is asking, by his amendment, that Congress vest in the Secretary of Agriculture discretion to allocate quotas when the emergency passes.

Mr. PEPPER. If the Senator will yield to me, let me say that my amendment is proposed subject to a limitation as to percentage which I never got a chance to mention when I was discussing the matter a moment ago.

Mr. O'MAHONEY. Certainly. Mr. President, I submit that, in the first place, the amendment proposed by the Senator from Florida means a delegation by Congress to the Secretary of Agriculture of the power to fix quotas. It is a delegation for which I am unwilling to vote, because I have a lively recollection of the fact that last January those of us who are representing the beet-sugar industry appeared before the Secretary of Agriculture and asked him not to reduce the acreage of beets. In Colorado, Wyoming, and all other beet-producing States there were producers who, in accordance with the invitation of Congress and the law, had expanded their acreage. There were producers who had planted additional crops. The Secretary exercised the jurisdiction and the discretion which he then had and cut down the acreage by 17 percent. I am not willing to delegate further discretion during this emergency.

Mr. PEPPER. Mr. President, will the Senator yield to me at this point?

Mr. O'MAHONEY. I ask the Senator to permit me to continue for a moment.

Mr. PEPPER. Would not the Senator prefer to answer questions with reference to delegation of authority before he leaves his discussion of that point?

Mr. O'MAHONEY. Very well; I yield.

Mr. PEPPER. In the first place, I was about to ask the Senator from Wyoming how else he would suggest that the goal might be attained.

Mr. O'MAHONEY. I was about to discuss that point.

Mr. PEPPER. And, in the second place, I was about to ask the Senator from Wyoming whether he recognizes the fact that the realm in which the discretion might be exercised is very small and definitely limited in its extent.

Mr. O'MAHONEY. Mr. President, let me say that when the bill was originally introduced its sponsors, after having canvassed the situation up and down, in seeking to do the best they could for every producing area, including the producing area in Florida, realized that there was no possible way to expand production in continental United States in years of normal consumption except by reducing the quotas of Cuba or the Philippine Islands. That is the only way we can do it unless we reduce production in one or the other of the interior divisions; and, of course, no one wants to do that.

So we came to the conclusion that the most we could do would be to provide for an increase of 4 percent; and that would mean a reduction of about 50,000 tons in the Cuban quota. That reduction of quota was not to take place immediately and everyone who had studied the sugar problem knew that it would not become effective immediately. But articles about the contemplated reduction were published in the newspapers, particularly in the eastern newspapers and magazines whose editors wear blinders when they deal with the sugar problem. It was regarded as an attack upon Latin-American countries which are capable of producing sugar. The State Department opposed it; and it was perfectly obvious to us that, in the circumstances, the sugar law itself would be destroyed unless we yielded with the wind. So we brought in the bill which is now before the Senate. We agreed to that modification. What the Senator from Florida proposes now is to say to the world that the Secretary of Agriculture may make the reallocation which the State Department said the Congress should not make. The Department of State will be just as much opposed to clothing the Secretary with authority to take quotas away from Cuba and foreign countries other than Cuba as it was opposed to the small 4-percent increase which was offered by the sponsors of the bill.

Mr. PEPPER. Mr. President, will the Senator yield for a moment?

Mr. O'MAHONEY. We are trespassing on the time of the Senator from Colorado.

Mr. JOHNSON of Colorado. I am glad to yield.

Mr. PEPPER. I am afraid the Senator is limited in his understanding of the amendment which I have proposed below what its content really is. I do not restrict the discretion of the Secretary in his power to reallocate quotas and what he might take away to offshore areas. I have left the discretion uncontrolled as to where he may get it, but I have limited the amount he may allocate.

Mr. O'MAHONEY. Mr. President, I should prefer to have that done here openly before everybody, before the occupants of the galleries, before the press, than I would have it done in the office of any administrative official.

Mr. PEPPER. Again I come back to the question of the method of doing this thing. I do not know of any way whereby anyone can write now into law and determine now how these new facilities are to be distributed over the country or in what area they are to be distributed.

Mr. O'MAHONEY. I am coming to that if the Senator will bear with me.

Mr. PEPPER. What I proposed, therefore, was that we place a limit upon the exercise of his discretion but give the Secretary the power within a narrow limit, relatively—2 or 3 or 4 percent or something like that—to allocate the quotas on the basis of equitable principles among the people of this country engaged in the production of sugar cane and beets and in the marketing of sugar.

Mr. O'MAHONEY. Now, Mr. President, let me continue my answer to the Senator. I have every conviction that by the passage of this bill, extending the Sugar Act for 3 additional years and providing an incentive, as we would do, to the domestic producers to increase their production, we shall finally succeed in driving it into the comprehension of some of those who have administered the law and some of those in the State Department who have resisted the law that the best source of supply for all Americans is the American producer. I have every confidence that it will become clear in this war as it became clear in the first World War, that we ought to depend upon our domestic producers for sugar. We will be able under this bill, if it shall be enacted, to continue to provide sugar to the consumer of the commodity at a reasonable price; we shall continue to be able to guarantee to the worker on the plantation, on the farm, and in the refinery here and elsewhere under the flag of the United States a reasonable wage; we shall be able to continue to guarantee to the producer that he shall get a fairer share in money of the total commodity than he ever got before, and at the same time we shall have stimulated our production and have maintained our price. We shall be able to convince all other countries that the time has come to increase the production from domestic sources. Three years is the period of the extension. At the end of that time the Senator from Florida can join the Senator from Colorado, appear before the Finance Committee, and present the proposed amendments to the quotas when they can be considered in the light of the advice of the experts.

Mr. PEPPER. And they will be received just as they have been received during the 5 years I have been a Member of the Senate, and we will be told, as the able Senator has told me every time a similar bill has come up—and it has come up three or four times since I have been here—that some time in the future will be the golden day of opportunity, but it is never when the bill is being considered, when the law is being written. The known purpose and effect of this bill was expressed by the able Senator from Michigan [Mr. VANDENBERG] in the committee the other day when he said, "Well, if the new producers are going to be eliminated at the expiration of the emer-

gency, they had better know it now, had they not, rather than to be surprised later?"

So a great many advocates of the bill—it may not be in the intention of the able Senator from Wyoming or the able Senator from Colorado, but it is in the content of the bill—have a deliberate purpose that notice shall now be given to all the new producers, "You need not come back here and claim you are surprised or suffering especial hardship when you are cut off at the end of the emergency and the privilege, the vested privilege, is restored to those who had it when the emergency began."

Mr. O'MAHONEY. The Senator from Florida would undertake to cure the defect which he so eloquently and ably points out by granting additional discretion to the very officer who has made the restrictions when he had the power.

Mr. PEPPER. If the able Senator, with his known and very much admired ingenuity, can suggest some alternative by which the same objective can be accomplished, I much prefer certainty to an illusory discretion.

Mr. O'MAHONEY. Now, let me say—and I apologize to the Senator from Colorado for trespassing so much upon his time—

Mr. JOHNSON of Colorado. This discussion is on the bill; it is to the point, and we all want to hear it.

Mr. O'MAHONEY. One of the sections of this bill as it was introduced provided for a new reallocation of the Philippine deficit. We felt it was necessary to abandon that reallocation not because there was anything wrong in the reallocation; not at all; but because the language of the bill introduced by the Senator from Louisiana [Mr. ELLENDER], the late Senator Adams, of Colorado, and myself was drawn before the Japanese attack on Pearl Harbor, and it did not take into consideration the possibility that we would have to distribute the Philippine deficit to other producing areas, to Cuba and other foreign countries, in a little different way from that which was provided by the bill. So we withdrew it. But it is perfectly obvious that that is a question that has got to be studied, and I am hopeful that the House committee may take up the bill which the Senate passed months ago reallocating the Philippine deficit and, by conference with the Secretary of Agriculture, the Secretary of State, the representatives from Florida from the Louisiana area, and from the beet area, we may go into a committee session and work out a proposal which will bring about the result which the Senator from Florida desires. I think it can be done in that way. I think it cannot be done in the way the Senator is proposing.

Mr. PEPPER. Mr. President, I will say that if that is what ought to be done, it should be done before we pass this bill.

Mr. O'MAHONEY. It cannot be done before we pass the bill, because—

Mr. PEPPER. We are passing a bill that will "freeze" this law for 3 years.

Mr. O'MAHONEY. Oh, no; any bill is subject to amendment.

Mr. PEPPER. Of course.

Mr. O'MAHONEY. But the Senator must recall that the present law expires on the 31st of December. The House ought to act upon this matter before that date. Therefore, we have not the time in December to go into these technical details, and that is why I hope the Senator from Florida will not urge his amendment.

Mr. PEPPER. I shall have to wait and offer the amendment in my time. I thank the Senator.

Mr. JOHNSON of Colorado. I thank the Senators for their contributions.

Mr. MURDOCK rose.

Mr. JOHNSON of Colorado. Does the Senator from Utah desire to interrupt me?

Mr. MURDOCK. Yes; I should like to make an observation.

Mr. JOHNSON of Colorado. I yield to the Senator from Utah.

Mr. MURDOCK. Mr. President, ever since coming to the Senate I have admired the logic and eloquence of the Senator from Florida [Mr. PEPPER]; but I can hardly follow the argument he makes today.

The Senator says he fully supports the system of quotas so far as continental United States is concerned; but does he not realize that the very purpose of the quotas was, and is today, to "freeze" production in continental United States? That is the very purpose of the quota system; but the Senator from Florida rises here today and says that he wants, by delegation of authority to the Secretary of Agriculture, to protect the new producers and the new processors who may come in, and he makes the statement that they come in legitimately.

I contradict and disagree with the statement that they come in legitimately. They cannot come in legitimately unless they come in under the law. They cannot come in under the law; so they come in. How? After we perpetuate what I consider an iniquitous system of quotas which limits production in the United States, the only way in which a new producer can come in is not under the law but under the regulation of the Department of Agriculture.

The purpose of the quotas is to limit continental production. We found out, every time we have tried, to secure some little expansion in continental United States, that the very purpose of the quota system is, or was, to "freeze" and continue the freezing of production in continental United States. Senators are calling for additional production in the beet fields and in the cane fields of continental United States. We have heard it emphasized today, have we not, by able Senators, that there is to be a very material deficit in the sugar imports from the Philippine Islands? I will admit that we need unity with Cuba, with the Philippine Islands, and with the other insular possessions of the United States; but I also take the position that they need us today a great deal more than we need them, and we are doing ten times as much for them as they will ever be able to do for us.

We are confronted today by the fact that the House has increased by the very small percentage of 1.18 the amount of

sugar that may be produced in continental United States. If the Senator from Florida, the Senators from Nebraska, the Senator from Wyoming, and the other Senators here today believe there should be expansion in continental United States, when will the time be more opportune; when will it be more propitious to take a step in that direction by passing the House bill today?

I cannot agree with the Senator from Florida that his position is logical when he says he wants to invite others to come in, but is still unwilling by law to increase the production in the United States.

I thank the Senator from Colorado for yielding to me.

Mr. PEPPER. Mr. President, I appreciate very much the preliminary remarks of my kind friend the able Senator from Utah. I am afraid, however, I have not translated my thoughts very well into words if I have given him the impression that my position is illogical.

I have not limited the Secretary's discretion in my proposed amendment to taking some quota away from domestic areas. I have given him, in the proposal, power to find it wherever it may most equitably be found.

Mr. MURDOCK. Mr. President, will the Senator answer a question for me? If continental expansion is now invited, why does the Senator object to doing it by law, instead of by a delegation of power to the Secretary of Agriculture to do it later on by administrative order?

Mr. PEPPER. I am glad to have a chance to answer that question. Essentially, Mr. President, it is because the House bill will not give to the Secretary or to any other authority any discretion to allocate fairly the increase which might become available.

If the House bill were to become law, I suppose probably a few additional tons might be available to the State of Florida; but under the law as it now exists, with the historical base as the criterion, one corporation in Florida would get 85 percent of every additional acre that might be allowed us. I have not yet found a way to break that vise, and I do not know any way to give the new producers recognition except to give some administrative agency authority to give them a share of the new production or the new facilities which might become legal.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I have the floor.

Mr. O'MAHONEY. I was asking the Senator from Colorado to yield.

Mr. PEPPER. I ask the Senator from Colorado to give me just a minute more to answer the inquiry of my friend from Utah. The question of whether continental United States should be frozen into an existing quota set-up is not the only question, so far as I am concerned.

Mr. MURDOCK. It is frozen; is it not?

Mr. PEPPER. Yes.

Mr. MURDOCK. And we cannot get away from it. We are told today that all limitations and all restrictions are taken off, but the very fact that the

limitations are taken off only by the discretion of the Secretary of Agriculture, and not by law, means that the limitations are still there, and that capital will not invest on the mushroom production that we might have during this emergency.

Mr. PEPPER. I believe I have presented a question of principle in regard to this matter. I will state the principle. I realize that the historical base will always be an integral part of a quota system, but I claim that there has been injustice in the past in making the historical base almost the criterion, not merely an influential factor. I mean that, after all, the sugar bill which became the Jones-Costigan Act relatively froze the situation as it existed in 1934. Does the able Senator, whose fairness is recognized in this body, contend that anybody having a farm, not by chance engaged in the production of sugarcane or sugar beets in 1934, is forever outside the scope of the elect, and forever to be illegitimized so far as his Government and country are concerned in relation to his right to produce sugarcane or sugar beets?

Mr. MURDOCK. Does the Senator ask me that question?

Mr. PEPPER. Yes.

Mr. MURDOCK. No. I say that any American farmer, whether he lives in Florida, in Louisiana, or in my State, or any other Western State, should be allowed, so long as sugar is a deficit crop and not a surplus crop, to cultivate every acre he possibly can. My position on the subject is that we should produce all we can in this country, and then allocate whatever deficit there may be to the Philippine Islands, our other insular possessions, and Cuba.

Mr. PEPPER. Yes; but the essential error of the Senator's reasoning, and the principle of the bill so far as it has been practiced, is that the right to produce the domestic quota is essentially limited to a given set of people who were engaged in the business at a given time.

Mr. MURDOCK. I would be willing to take it off. Would the Senator from Florida?

Mr. PEPPER. Let me make a final statement. I believe we are in substantial accord on that point. I claim that 1934 is no magic year which forever shall be the vise into which relativity is frozen.

Mr. O'MAHONEY. Mr. President, will the Senator from Colorado yield to me?

Mr. JOHNSON of Colorado. Is 1941 a magic year?

Mr. PEPPER. No; but I say that 1937, when there were certain changes, for which we were grateful, was a fairer year than 1934 for this purpose.

Mr. O'MAHONEY. Mr. President, if the Senator from Colorado will yield to me, I think perhaps I can convince the Senator from Florida that he is in error.

Mr. JOHNSON of Colorado. Let the Senator from Florida continue his statement.

Mr. PEPPER. Let me finish my statement. In 1937 few variations were made. There has been no essential change since that time, except that under the new producer sections of the law the authorities can allow an increase of 5 or 10 acres,

which means relatively nothing, so far as that is concerned.

It is proposed that the law be reenacted with the same limitations in it. I merely say that we should look at the whole picture in the determination of the quotas, in the selection of the people who have a right to produce. Start with 1934, if that is desired, and continue through 1937, pass 1941, and even go to the end of the emergency, and see the historical base from the beginning of sugar legislation to the end of the emergency, then allocate evenly among the people of the United States whatever quota there is. I do not know how much will be available.

I agree with the able Senator from Colorado that a larger percentage of our domestic quota should be produced in this country. But I say that if we produce but 100,000 tons in the whole United States we should not make 1934 and 1937 the criteria of the division of the quota. We should take the historical base over the whole period, from 1934 to the end of the emergency. I am perfectly willing that the people who have been in the picture longest should have the greatest consideration, but at the same time I protest as vigorously as I can against slamming the door of legitimate opportunity forever in the faces of people who have come into the production of sugar and the marketing of sugar since 1934 and 1937.

Mr. O'MAHONEY. Mr. President, will the Senator from Colorado yield further?

Mr. JOHNSON of Colorado. I yield.

Mr. O'MAHONEY. The Senator from Florida asks that the Secretary be given additional discretion, and he says that under the present law the historical basis is frozen, as it were, and he protests against that. The Senator has referred, however, to the act. It is altogether appropriate to read the section in question.

Mr. PEPPER. From what page is the Senator about to read?

Mr. O'MAHONEY. From page 9, of Public Law No. 414, of the Seventy-fifth Congress. It is subsection (b) of section 302 of title II. It reads:

(b) In determining the proportionate shares with respect to a farm, the Secretary may take into consideration the past production on the farm of sugar beets and sugarcane marketed (or processed) for the extraction of sugar or liquid sugar and the ability to produce such sugar beets or sugarcane, and the Secretary shall, insofar as practicable, protect the interests of new producers and small producers and the interests of producers who are cash tenants, sharetenants, adherent planters, or sharecroppers.

Mr. President, that is now in the law. It vests in the Secretary the discretion to give consideration to new producers. The Senator from Florida argues for a new discretion to be given to the Secretary of Agriculture, upon the ground that the Secretary has not exercised the discretion with which he is already vested to the satisfaction of the producers in Florida.

The fact of the matter is that independent producers, new producers, in Florida, have received an increased proportionate share from the Secretary under this provision. So I again reach

the conclusion which I announced a little while ago, that the Senator from Florida will do much more toward getting what we all desire, an increased opportunity for our domestic producers to expand their production to their capacity, by cooperating with those of us who have been studying this problem than by undertaking to take away from Congress the power and the authority to fix the various proportions, and vest the authority in the discretion of the Secretary.

Mr. PEPPER. Mr. President, will the able Senator admit, then, that the Secretary has the power which my amendment proposes to give him? I do not wish to do a vain thing, but if he can make that admission on behalf of the committee and on behalf of the able Senator from Colorado, if the power of which I speak is already vested in the Secretary, and that will be expressed on this floor as the sentiment of the Senators responsible for the proposed legislation, and the Secretary shall take note of it as a part of the debate upon the bill, there is no reason for my offering my amendment. But does that apply to the marketing of sugar, as well as to the proportionate sharing?

Mr. O'MAHONEY. No; this applies to the proportionate sharing; but that really governs the whole matter. The Secretary was directed by the Congress to take into consideration the new producers. My whole point is that the bill is so drawn that it comes as nearly as is humanly possible to balancing the various conflicting interests with the foreign policy of the Government, and, having done that, I am hoping that we may proceed with a united front, the Senator from Colorado with the rest of us, to convince the administration that we should rely upon our domestic producers in a larger proportion than we are now relying, and that the basic quotas, which are only basic, should be modified so as to gain an additional proportion for the domestic producers of sugar beets and sugarcane.

Mr. PEPPER. I will say two things in response to what my able friend has just stated. In the first place, all of us know that the sugar authority of the United States is Dr. Bernhardt, whom we know to be sitting on the Senate floor at this moment. I should like to consult him about his interpretation of existing law to ascertain whether in his opinion the authority which I have proposed for the Secretary now exists. If it does, I am adequately satisfied, if the Secretary will note the debate here, and observe the discussions.

Mr. O'MAHONEY. I must be perfectly frank with the Senator. The discretion of the Secretary is bound by the basic quotas; there can be no question about that. I believe those basic quotas should be expanded for Florida and for Louisiana and for the beet area. I quite agree with the Senator in that respect. But I comprehend as a realistic fact that we cannot do that in the time which remains this year.

Mr. JOHNSON of Colorado. With regard to what the Senator from Wyoming has just stated, let me say that we are very anxious to get the bill through today so that it can go to the other House and be acted upon there. The Members

of the House are anxious to return to their homes over the Christmas holidays, and we must get the bill through by the first of the year, so we want to get it to the House some time today.

Mr. PEPPER. I assure the Senator that I have no desire to obstruct the passage of the bill in any sense of the word, and I will not stand in the way of what he suggests.

My second point of reply is that, so far as the practical consideration is concerned, we find ourselves in the situation that if the new producers were not represented in this Chamber, for example, by anyone, we will say, but the Senators from Nebraska and the Senators from Florida, we are not vain enough about our persuasive power to believe that we would be able to have the law substantially changed at the end of the emergency. That is to say, if the ones to be driven out of the picture were the new producers only we would not have very much assurance that we would be able to have the law changed after the emergency was over, and when we came to the Senate and said, "Senators, the actual situation existing in Florida is that new producers have come in and new mills have been built. The situation in Nebraska is that new producers have come in, there are new proportionate shares, and perhaps a new mill has been built." Other Senators sitting on the committee and sitting on the floor, being secure by reason of the law itself and by reason of the historical base, in the retention of the mills located in their States, and the proportionate shares in their States, might be sympathetic and always would be kind, but we could not depend on them to be so very helpful in pressing the Department to give the continental United States a larger percentage of the total consumption. But if they are faced by a law which says, "Look here, if there has to be a reduction in the facilities of the United States those facilities must be distributed relatively equitably over the whole United States," then it can be seen how comparatively stronger our effort in this body would be. That is the reason why all of us, if we are to have a cut again, ought to share proportionately in the cut.

Mr. JOHNSON of Colorado. Mr. President, I wish to say to all Senators that we have been very generous to them in giving them time to debate this question. But we are anxious to have this measure passed and sent to the House tonight. This debate cannot run on forever.

Mr. MURRAY. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield to the Senator from Montana. I know he will not take long.

Mr. MURRAY. I appreciate what the distinguished Senator from Colorado has just said regarding the necessity of expediting the consideration of this measure. I certainly have no desire to prolong the proceedings. I very seldom interrupt or intrude myself into the discussions on the floor, but I feel that I should be entitled to make some brief observations with reference to the debate which has been proceeding throughout the afternoon. I would much prefer to see a matter of this kind threshed out

before a committee and thus avoid taking up the time of the Senate in prolonged discussion back and forth among the Senators, which unduly delays proceedings here. It seems to me that many of these questions could very properly be disposed of before the committee.

Mr. President, for the very purpose of obviating the criticisms which were made against the proposals offered by the distinguished Senator from Florida [Mr. PEPPER], I proposed an amendment providing for an increased quota for continental United States of 200,000 tons of beet and cane sugar, to be allocated between the cane producers and the beet producers under the formula provided in the act. It had been brought to my attention that the deliveries of sugar in this country had greatly increased during the past few years. During 1939 and 1940, my understanding is that the withdrawals of sugar have averaged about 200,000 tons a year in excess of the previous yearly withdrawals.

I understand that during this year, 1941, there is an increase of 1,000,000 tons in the consumption of sugar. That is a tremendous increase. I think it is natural to expect an increase in view of all the conditions. I have a number of telegrams from various business concerns and industries throughout the country which are engaged in manufacturing food products, showing the enormous increase in the use of sugar in their various plants. The increase in the use of sugar averages from 25 to 30 percent.

In the face of that situation and with the greatly increased consumption of sugar within the United States, it seems to me it would be very desirable and reasonable to permit this very slight increased quota which I propose for the United States—slight in comparison to the entire amount of sugar involved.

My amendment provides for an increased allotment of 200,000 short tons, in addition to the amount that would be allowed under the bill itself.

Before the committee when the bill was being considered, I, together with representatives of the Western Beet Growers Association, appeared and submitted arguments justifying the slight increase I have mentioned in quotas for mainland cane and beet growers.

Mr. President, it seems to me that such action would obviate the criticism made by various Senators who have objected to the proposal made by the Senator from Florida. It would permit a very slight increase, which I believe would be justified.

Naturally, this country is growing. Our population is increasing. The consumption of sugar will naturally increase, as it has during these recent years, as the result of increased business activity. But even after the war effort is over, it seems to me there will be a continued greater use of sugar in the United States than there was prior to the war period.

If this small allotment is allowed for the continental United States, I do not see how it could cause any material injury to or interference with the outside producers. It certainly should not be subject to any serious criticism by the State Department or by any other department of the Government, because it

relates to sugar which is necessary to be produced as the result of the increased consumption of sugar in the United States, and any increased consumption in the United States should be divided among the producers within the United States.

I merely offer this suggestion at this time in connection with the general discussion of the subject. I am much impressed by the representations made by those in charge of this proposed legislation in regard to the lifting of restrictions on plantings and their general advice relating to the problem of increased production in the United States. If we can have a reasonable expansion of beet acreage that is all we want. We are now assured that we will have that increase. I hope it will work out that way.

Mr. JOHNSON of Colorado. Mr. President, I have a great deal of sympathy with the argument advanced by the Senator from Montana, but our position is that we want to get some legislation through Congress. If we should attach to this bill the amendment offered by the Senator from Montana, even though it sounds reasonable and logical, it would endanger the final enactment of the proposed legislation.

Mr. VANDENBERG. If we do not begin voting pretty soon, we will not get any legislation anyway.

Mr. JOHNSON of Colorado. I shall conclude my statement very shortly, I will say to the Senator from Michigan.

The sugar situation in the United States from a consumer's standpoint is critical if not outright alarming. Cuban sugar is cleaned up. The last million tons is going into alcohol to manufacture smokeless powder. Philippine sugar importation is shut off by the war. On December 13, last, the Office of Production Management restricted sugar in the United States to 30 days' supply to jobbers and wholesalers. O. P. M. officials said the order was needed "to protect the man on the street" by conserving sugar and preventing large users and jobbers from buying it up. That illustrates how dangerously close the demand has overtaken the supply and how essential it is that the supply be bolstered.

The records disclose that the cost of producing a ton of beets in 1938-39 was \$6.75, while the price received by growers was \$6.61, or 14 cents less than the cost of production. In 1941 the cost of production advanced 81 cents a ton with no increase in remuneration to the growers, and for 1942 the cost will be greatly increased again. Our beet growers are asked to produce a generous crop for 1942, but domestic beet and cane growers cannot be expected to do so at a disastrous loss. The pending measure will give the beet grower a little over \$8 per ton for his beets, obviously somewhat below the cost of production. In the first World War, Mr. Hoover recommended the price of beets be \$10 per ton in 1918, \$11 in 1919, and \$12 in 1920. The pending legislation is, therefore, very moderate and should be enacted without further delay as a very necessary war measure.

Mr. BUTLER. Mr. President—

The PRESIDING OFFICER (Mr. SPENCER in the chair). Does the Senator from

Colorado yield to the Senator from Nebraska?

Mr. JOHNSON of Colorado. I yield.

Mr. BUTLER. I shall take not to exceed 1 or 2 minutes. I should like to ask the Senator from Colorado one or two questions. Does the Senator know if there have been any idle sugar processing plants in Cuba during the last year or two?

Mr. JOHNSON of Colorado. I am not informed as to that. I cannot answer the question.

Mr. BUTLER. I think it is an admitted fact that they are operating to their full capacity. Are there any idle processing plants in the United States which process imported raw sugar?

Mr. JOHNSON of Colorado. I am not informed as to that.

Mr. BUTLER. I do not believe there are. I am quite certain the facts will show that they are all operating to full capacity. But it is a fact, as I stated last April, that at least one beet-processing plant in Nebraska, and I think one or two others in the United States, were not permitted to operate. At that time several of us pleaded on the floor as earnestly as we knew how to obtain regulations or rulings from the Department of Agriculture which would permit our farmers to produce beets as they have been doing.

Mr. JOHNSON of Colorado. The Senator from Colorado joined in those pleadings.

Mr. BUTLER. We tried to obtain rulings which would permit the operation of the Nebraska plant. Of course, incidents since that time bear out the wisdom of what we suggested. I am not blaming anyone for not adopting our suggestion at the time; but I see no way to cure this situation except by passing a bill similar to the one which was sent to the Senate by the House, which would establish a precedent permitting a gradual increase in the production of domestic sugar.

We are interested in international good relationships; but we are also interested in our own people. I believe we should give at least as much serious thought to their welfare as we apparently give to the development of the theories of international free trade which are being brought upon us through the administration of the reciprocal-trade agreements, with which I am decidedly not in agreement.

There is an old saying in America to the effect that we have never lost a war and have never won a conference. The way things are shaping up in the handling of the sugar question, I fear we are to continue never to win a conference. I certainly hope that we can maintain the record of the past, of never losing a war.

Mr. THOMAS of Idaho. Mr. President, it is not my purpose to delay the passage of the bill. However, I wish to make a few observations.

I expect to vote for the bill now pending, but I do not believe that it will insure a sufficient sugar supply for the Nation. I will vote for it simply because we must have some bill to keep the sugar situation from chaos.

We are now at war. We must win that war, regardless of cost, and we

should be doing everything possible to guarantee that all supplies necessary for successful prosecution of the war will be available. Food, of course, is one of the most vital of these supplies, and sugar one of the most important foods.

Several times during the last session of Congress, and again during the present session, I pointed out that the international picture made it necessary to depend largely upon domestic production of sugar. This is especially true now, in my estimation, for three main reasons.

First, to prevent a recurrence of the sky-rocket sugar prices during the first World War when we were at the mercy of offshore producers.

Second, to release ships to take care of war supply lines.

Third, to transfer shipping from such items as sugar which can be secured here, to other materials which we must import.

I sought to bring this precarious situation to the attention of the Department of Agriculture after it had issued an order on January 29 reducing the domestic beet-acreage allotment by 16.2 percent. I spoke to the Senate on February 20, urging the Secretary of Agriculture to reconsider his order. I also wrote to the Secretary stating that the shipping situation in a world at war necessitated re-examination of his policy. I received a reply a few days later. The Secretary enclosed a copy of a statement made by the Resident Commissioner of the Philippines.

That statement said that the Philippines would be able to fill its quota; and the Secretary, by endorsing the Resident Commissioner's views, seemed to be fully satisfied that the lower quotas set in January were adequate to care for the Nation's needs.

In my speech of February 20, I pointed out several pertinent facts in relation to the shipping situation. I said:

There seems to be every prospect that the pressure on shipping because of war conditions will increase for some time. This will inevitably affect our sugar supply from overseas.

The fundamental consideration at this time, it seems to me, must be to encourage American sugar growers to raise an ample supply of sugar, in order that American consumers will not have to be so largely dependent for their sugar supply upon islands so far removed from the mainland. Our security demands that we act to insure an adequate supply of sugar produced upon the American continent.

That was on February 20, Mr. President. Nevertheless, in the face of this unpredictable international picture the Department of Agriculture was cutting domestic acreage—not increasing it, Mr. President, but cutting it. It is not necessary for me to point out that the Department's judgment was in error. Facts and events will speak for themselves.

As the months went on the shipping situation grew steadily worse. When I spoke on the floor in May I pointed out figures on the lack of ships to carry sugar from the Philippines, Hawaii, Cuba, and the other West Indies nations. By that time freight rates had risen as much as 500 percent over pre-war costs, and still we were making ourselves further dependent on offshore deliveries of sugar.

In June the Department of Agriculture made its first admission that its estimates of consumptive requirements for 1941 were wrong. An increase in marketing allotments amounting to 275,000 tons was made. On July 19 a second increase in marketing quotas was announced. On July 30 an additional increase of 740,000 tons was made, and on August 29, a fourth increase was announced. A fifth increase in the estimate of consumptive requirements was made in September. Five times in less than 5 months the Department found it necessary to revise its judgment. This is sufficient proof of the Department's failure to comprehend just what the situation was. It is adequate indication of the lack of foresight with which the entire sugar situation has been approached.

All this, however, is now water over the dam. Our job now is to be as farsighted as possible. Our task is to look at the situation clearly. We must go to work to correct the errors we have made and to settle the problems with which we are faced. We know that the war is bringing another sugar crisis to the Nation. We know that a shortage in supply for 1942 and for subsequent war years is inevitable. We cannot expect the delivery of any of the Philippine quota and we cannot guarantee an adequate supply for movement of sugar from other offshore sources, particularly Hawaii. Sugar rationing seems likely, no matter what stringent control efforts the Government may make.

Figures show that the normal annual consumptive requirements for the United States are nearly 7,000,000 tons. Under the provisions of the 1937 act, as amended, the first 6,682,670 tons are allocated, as to source of supply, as follows:

Philippine Islands.....	1,029,782
Cuba.....	1,911,476
Foreign, other than Cuba.....	26,412
Domestic beet.....	1,549,898
Mainland cane.....	420,167
Hawaii.....	938,037
Puerto Rico.....	797,982
Virgin Islands.....	8,916
Total.....	6,682,670

Actual deliveries of sugar for the calendar years of 1939 and 1940, in short tons, were 6,867,533 and 6,890,709, respectively. Deliveries of sugar for the first 11 months of 1941 exceed deliveries for the same period of 1940 by more than 1,000,000 tons. Since in many ways 1941 has been an abnormal year, let us assume that our consumptive requirements for 1942 will be at least equal to the average for 1939 and 1940, or about 200,000 tons in excess of basic quotas. This is, indeed, a most conservative assumption, for many experts believe that our consumptive requirements will be as much as 7,500,000 tons instead of approximately 6,900,000 tons, which I shall consider as a basis for my estimates.

This calculation, moreover, does not include the increased wartime demand. We have not taken into consideration the fact that the manufacture of alcohol for war purposes will require more than a million tons. We have not taken into consideration the needs of our allies. Let us then compare the available supply with our wartime requirements to see just what our problem is.

Our normal requirements, taking an average of 1939 and 1940, is, at the minimum, 200,000 tons over the basic quotas. This, as I have said, is most conservative. In addition we will need at least 1,000,000 tons for the production of alcohol for war purposes. Then we must offset the Philippine deficit amounting to more than 1,000,000 tons. Furthermore, estimates are that we cannot expect delivery of more than half of the Hawaii quota, or about 500,000 tons, instead of the usual 1,000,000 tons. This means that we shall need to cover at least 2,700,000 from other sources.

Cuba's normal production for export approximates 3,600,000 tons. Of that we have in the past been taking nearly 2,000,000 tons. If conditions are favorable, we may be able to secure an additional 500,000 tons to aid in making up the deficit with which we are faced. It is impossible to say what increase we can count upon from foreign countries other than Cuba.

It is evident, thus, that we are going to be faced with a minimum deficit of something like 2,200,000 tons of sugar.

As I said at the opening of my statement, I will vote for this bill, but my vote will be cast more or less under protest because the bill really does not settle the problem with which we are faced.

Of course, we are all concerned with successful prosecution of the war. This means we must make every effort to maintain proper understanding with our friends and allies. Many Members of the Senate have, in the past, expressed concern about the effect of any changes in our sugar policy upon our good-neighbor program. Yet we all know, for example, that the Philippines will be unable to deliver their 1,000,000-ton quota. Would we be harming our friends, allies, or good-neighbor program if we established a policy by which the domestic grower would be able to cover that deficit? And would not such a change be desirable as far as our war program is concerned?

The Senate endorsed such a change last June by passing Senate bill 937 by a vote of 45 to 26, and I hope that the House will join in this endorsement. Especially now there is every reason to support such an alteration, and no adequate reason to oppose it. Our sugar policy ought also to provide for adequate prices and increased acreage for, and protection to, those communities which already have established a record of sugar production.

After all, we must attempt to consider our policies in light of the future if we possibly can do so. Some time, and I hope soon, peace must once more come to this war-torn world. If, during wartime, we become more and more dependent upon foreign nations for our sugar supply, then we shall be asked after the war is ended to continue such a policy in the name of the good-neighbor program. As the law now reads, foreign nations other than Cuba are allowed to fill the Philippine deficit. If we permit this to occur, we shall encourage foreign nations to make unprecedented increases in their sugar production, to build new factories for processing sugar, and to hire more labor for the fields and for the manufacturing plants. So, again, we shall be making ourselves utterly de-

pendent upon conditions beyond our control. Again we will be failing at a critical time in our history to do what seems to be only logical; that is, to encourage our own growers and processors to expand their operations. Furthermore we shall be creating false economic situations in many of our neighboring nations, for which they and we must eventually suffer. We must remember, too, that sugar factories and fields all over the world are being destroyed, and we certainly ought to take the opportunity to increase our sugar production in order to aid in meeting the post-war shortage which will take years to make up.

One word about the increased benefit payments provided for. This provision is one of the improvements in the bill, but we must keep in mind that the extra benefits will be largely taken away from the American farmer by the anticipated reduction in the Cuban sugar tariff.

Mr. President, if this measure is passed by both Houses of the Congress, and signed by the President, it will be written upon our lawbooks for 3 years. I think events will prove that, if we are to secure a supply of sugar which will meet even 75 or 80 percent of our needs, we shall be forced to reexamine our sugar-production policy, and to enact new and additional sugar legislation to provide for production within the limits of the United States of the great bulk of the sugar we require, instead of our present production of less than 50 percent of our requirements. I want to say now, Mr. President, that I do not expect to wait 3 years, or even 1 year, to take action to secure modification of some of the provisions in the pending measure.

Mr. PEPPER. Mr. President, let me ask the able Senator from Colorado whether the committee amendment is now open to amendment.

Mr. JOHNSON of Colorado. I do not think the substitute amendment has been agreed to.

The PRESIDING OFFICER. The committee amendment is open to amendment.

Mr. JOHNSON of Colorado. Has the substitute amendment proposed by the Finance Committee been agreed to by the Senate?

The PRESIDING OFFICER. No; it has not been agreed to.

Mr. PEPPER. Mr. President, is the substitute amendment proposed by the committee now open to amendment?

The PRESIDING OFFICER. It is.

Mr. PEPPER. On behalf of my colleague [Mr. ANDREWS] and myself I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Florida will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. 7. Title II of the Sugar Act of 1937 is amended by adding at the end thereof the following new section:

"SEC. 213. (a) Upon the termination of the emergency proclaimed by the President on May 27, 1941, the Secretary of Agriculture is authorized (1) to revise the quota for each domestic sugar-producing area, and (2) to revise the proportionate shares with respect to each farm in such areas.

"(b) Such revision, in the case of each domestic sugar-producing area, shall be made on the basis of the marketings of sugar or liquid sugar in such area during said emergency; but in no event shall such revision result in increasing or decreasing the quota for any such area by more than 2 percent of the total consumption requirements.

"(c) Such revision, in the case of a farm, shall be made in an equitable manner on the basis of the production of sugar beets or sugarcane marketed (or processed) for the extraction of sugar or liquid sugar on the farm during said emergency."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida.

Mr. PEPPER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Gillette	O'Mahoney
Austin	Green	Overton
Bailey	Gurney	Pepper
Ball	Hatch	Radcliffe
Barkley	Hayden	Reed
Brewster	Herring	Reynolds
Bridges	Hill	Rosier
Brooks	Holman	Russell
Brown	Johnson, Calif.	Schwartz
Bulow	Johnson, Colo.	Shipstead
Bunker	Kilgore	Spencer
Burton	La Follette	Stewart
Butler	Langer	Thomas, Idaho
Byrd	Lee	Thomas, Okla.
Capper	Lodge	Thomas, Utah
Caraway	Lucas	Tobey
Chandler	McCarran	Truman
Chavez	McFarland	Tunnell
Clark, Idaho	McKellar	Tydings
Clark, Mo.	McNary	Vandenberg
Connally	Maloney	Van Nuys
Danaher	Maybank	Wagner
Davis	Mead	Wallgren
Downey	Murdoch	Walsh
Doxey	Murray	Wheeler
Ellender	Norris	White
George	Nye	Wiley
Gerry	O'Daniel	Willis

The PRESIDING OFFICER. Eighty-four Senators have answered to their names. A quorum is present.

DISTRICT MOTOR-VEHICLE-FUEL TAX—CONFERENCE REPORT

Mr. BURTON. Mr. President, will the Senator from Florida yield to me?

Mr. PEPPER. I yield.

Mr. BURTON. I present the conference report on House bill 5558, the bill increasing the gasoline tax in the District of Columbia, and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. The conference report will be read.

The conference report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5558) increasing motor-vehicle-fuel taxes in the District of Columbia for the period January 1, 1942, to June 30, 1949, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, and 3, and to the amendment of the Senate to the title of the bill; and agree to the same.

PAT MCCARRAN,
JOHN H. OVERTON,
HAROLD H. BURTON,

Managers on the part of the Senate.

JENNINGS RANDOLPH,
EVERETT M. DIRKSEN,

Managers on the part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the conference report was considered and agreed to.

CERTIFICATION OF DRUGS COMPOSED OF INSULIN

Mrs. CARAWAY. Mr. President, will the Senator from Florida yield?

Mr. PEPPER. I yield.

Mrs. CARAWAY. From the Committee on Commerce I report back favorably, without amendment, House bill 6251, and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The bill will be read by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 6251) to amend the Federal Food, Drug, and Cosmetic Act of June 25, 1938, as amended, by providing for the certification of batches of drugs composed wholly or partly of insulin, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its clerks, announced that the House had passed a joint resolution (H. J. Res. 258) to provide additional appropriations incident to the national defense for the fiscal years ending June 30, 1942, and June 30, 1943, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated:

H. R. 6220. An act to amend section 3 of the Subsistence Expense Act of 1926, as amended; to the Committee on Expenditures in the Executive Departments.

H. R. 6251. An act to amend the Federal Food, Drug, and Cosmetic Act of June 25, 1938, as amended, by providing for the certification of batches of drugs composed wholly or partly of insulin, and for other purposes; to the Committee on Commerce.

H. J. Res. 258. Joint resolution to provide additional appropriations incident to the national defense for the fiscal years ending June 30, 1942, and June 30, 1943, and for other purposes; to the Committee on Appropriations.

LEGISLATIVE PROGRAM

Mr. BARKLEY. Mr. President, will the Senator from Florida yield to me for a moment?

Mr. PEPPER. I am glad to yield to the Senator from Kentucky.

Mr. BARKLEY. I wish to announce to the Members of the Senate that it is desirable, if possible, to wind up a good deal of loose ends of legislation today, in order that the Senate may not have to convene tomorrow, if it can be avoided. The list includes the disposition of the pending sugar bill; it includes two bills from the Judiciary Committee, one dealing with alien registration, and another conferring authority to summon witnesses upon the board appointed by

the President to investigate the situation in Honolulu; it includes the conference report on the selective draft extension bill; it includes an appropriation for housing legislation, which the Committee on Appropriations is now in session considering. So I hope Senators will remain here and cooperate as much as possible in disposing of this program, so that, if it is disposed of, the Senate may be able to adjourn over until Monday.

Mr. PEPPER. I wish to say to the able leader that I only have two amendments to which I am going to address myself very briefly, and will ask for a vote on them.

Mr. BARKLEY. I was not undertaking, in any way, to shut off the Senator, but I wanted the Senate to be advised of the program.

Mr. PEPPER. I thoroughly share the sentiments expressed by the Senator, because I know all of us want to conclude the consideration of the measures referred to.

SUGAR QUOTAS

The Senate resumed the consideration of the bill (H. R. 5988) to amend the Sugar Act of 1937, as amended, and for other purposes.

Mr. PEPPER. Mr. President, before beginning my remarks, I should like to modify the amendment as I sent it to the desk. In line 3, subsection (b), I desire to strike out the words "in such area."

The PRESIDING OFFICER. The amendment will be modified as requested.

Mr. PEPPER. Mr. President, if Senators will be good enough to give me their attention for 5 minutes or so, I shall not trouble them further.

I feel that there is a principle involved in this proposed legislation in which other Senators are interested, particularly Senators whose States have small quotas of sugar or whose constituents propose to go into the production of sugar whenever opportunity allows. It is to these that I primarily address myself in what I have to say.

The committee amendment proposes to continue for 3 years the existing sugar law. It does not disturb the quotas which are prescribed in the existing law. It is admitted by the able Senators who are handling the bill on the floor today that it will not be applicable until the emergency is over. In other words, it is not legislation that is to operate today, next week, next month, next year, the year after that, or probably the year after that. It is legislation which is intended to become effective when the peace comes—an uncertain date in the future.

Therefore, Mr. President, since we are legislating for a future day and a future time, I have a right to ask that consideration be given to conditions as they exist at that time; and that is all my amendment proposes.

As the law now is, quotas are set up for the offshore areas, for the mainland beet area, and the mainland cane area. Although the Secretary does have discretion, as the able Senator from Wyoming pointed out, to vary proportionate shares inside an area, he has no authority to go outside the area in any allocation.

tion, either offshore or in another domestic area. He also has authority, in allocating marketing quotas, to take into consideration ability to market and past marketing history; but obviously the new mills that come into the picture during the emergency will not have a very long marketing history, and therefore will get, under the existing law, a very small quota of what may be available.

What I propose, therefore, Mr. President, is that we confer upon the Secretary himself a limited discretion for the purpose of doing equity, and that is all. But the opponents of the amendment, the proponents of the substitute, say it is all right to legislate for 1944 or 1945, but it is wrong to say that the quotas shall be distributed on the basis of conditions as they exist in 1944 or 1945.

Mr. President, my amendment proposes to correct that condition. It provides that upon the termination of the emergency proclaimed by the President, the Secretary of Agriculture is authorized (1) to revise the quota for each domestic sugar-producing area. That means to revise it in the light of conditions as they then exist in the world. That is, if we are entitled to a larger share of world production, we will get it in the discretion of the Secretary. The Secretary is also authorized (2) to revise the proportionate shares with respect to each farm in such area. That will mean, therefore, that if a new farmer begins to grow sugar and is growing sugar when the quotas go back into effect, the Secretary will have authority to take into consideration the acreage of such a farmer and to give him a fair share of any quota that may go to his area.

Mr. President, I suggest that that is only fair and that the contrary means to preserve conditions as they now are, to the injustice of those who come into the picture during the emergency. All I ask is that the Secretary have authority to consider the new producers and the new facilities.

Mr. President, I want only 5 minutes more on my amendment.

I want Senators to be aware of the fact that if the bill passes as it is now proposed by the committee, every farmer in their States who plants sugar beets or sugarcane during the emergency will be cut off when the emergency is over. His neighbors will be permitted to continue to produce sugar beets or sugarcane, but he will not be. I want Senators to know that every sugar mill that is built in their States will be put out of business when the emergency is over and everybody else engaged in milling sugarcane or sugar beets will be permitted to continue.

If Senators do not think it is fair for the Secretary or somebody else to be vested with some discretion to give new mills and new farmers at least some consideration, then my amendment has no virtue or merit.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Florida [Mr. PEPPER] to the amendment reported by the committee.

The amendment, as modified, to the amendment of the committee was rejected.

Mr. PEPPER. Mr. President, I have a second amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Florida to the amendment reported by the committee will be stated.

The LEGISLATIVE CLERK. It is proposed to insert, at the proper place in the committee amendment, the following:

Amend section 302 (b) by dropping off the period, replacing it by a colon, and adding the following proviso: "Provided, however, That the proportionate share for any farm shall not exceed 50 percent of the total proportionate shares for all farms within a State, so long as there are applicants for proportionate shares within such State with ability to produce."

Mr. PEPPER. Mr. President, ever since I have been advocating an increased sugar quota for my State, I have advocated, as a fair corollary to that, a fair division of the quota in each State among the people of that State.

In my State, due to a historical accident, one corporation has 85 percent of the total acreage of the State devoted to growing sugarcane. Ever since I have been here I have tried to obtain for the bona fide farmers of the State the right to grow sugarcane. If Senators want to preserve in my State a monopoly under which one corporation has 85 percent of all our quota, of course, they will vote against this amendment. All I propose is that the limit of the amount one person, firm, or corporation may have in one State shall be fixed at 50 percent of the total quota for the State.

The largest share of the State's total quota that one producer has in any other State is 7 percent, in the State of Louisiana. In my State, for example, last year we had 24,000 acres as our quota. One corporation had 20,000 of those acres, another corporation had 3,000, and all the rest of the people together had 1,000 acres.

I have nothing against this corporation; but if we are to preserve a monopoly, surely it ought to be distributed fairly among the people of a given State. I do not even propose to distribute it fairly. I merely limit the share that any one person, firm, or corporation may have to not to exceed 50 percent of all that the State has. I submit that that proposal does not affect any other State. It is fair, or at least it is not unfair, to the corporation. I am simply trying to get an opportunity for bona fide farmers of Florida, owning their own farms, to grow sugarcane without having to be tenants of some corporation, as in an ancient feudal system.

Mr. McNARY. Mr. President, I understand that this amendment does not apply solely to Florida, but that it applies to all the States.

Mr. PEPPER. It applies to all the States, but Florida is the only State that would be affected.

Mr. McNARY. It is general in its application, is it not?

Mr. PEPPER. It is general in its application, but the fact is that it would affect only Florida.

Mr. McNARY. Very well. I should object to legislation for any one State alone. This is general legislation, as I understand.

Mr. PEPPER. That is true.

Mr. McNARY. But it applies only to Florida, by virtue of a certain situation.

Mr. PEPPER. That is true. As Dr. Bernhardt can tell any Senator on the floor, there is no other State in which a situation exists which even approaches that situation. I do not suppose any Senator wants any one farmer or one corporation in his State to have more than 50 percent of all the State has.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida to the amendment of the committee. [Putting the question.] The "noes" appear to have it.

Mr. PEPPER. I ask for a division.

On a division the amendment to the amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

Mr. BYRD. Mr. President, I offer an amendment which I ask to have stated, and I ask for the consideration of the amendment at this time.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. In the amendment of the committee it is proposed to strike section 3, as follows:

SEC. 3. (a) Subsection (a) of Section 304 of the Sugar Act of 1937 is amended to read as follows:

"Sec. 304. (a) The amount of the base rate of payment shall be 80 cents per hundred pounds of sugar or liquid sugar, raw value."

(b) Subsection (c) of section 304 of the Sugar Act of 1937 is amended to read as follows:

"(c) The total payment with respect to a farm shall be the product of the base rate specified in subsection (a) of this section multiplied by the amount of sugar and liquid sugar, raw value, with respect to which payment is to be made, except that reduction shall be made from such total payment in accordance with the following scale of reductions:

"Reduction in the base rate of payment per hundredweight of such portion

"That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value:

"350 to 700.....	\$0.05
700 to 1,000.....	.10
1,000 to 1,500.....	.20
1,500 to 3,000.....	.25
3,000 to 6,000.....	.275
6,000 to 12,000.....	.30
12,000 to 30,000.....	.325
More than 30,000.....	.50"

Mr. BYRD. Mr. President, the effect of the amendment would be to strike out the increase which would be made, under the terms of the bill, in benefit payments. The increase is from 60 cents a hundred to 80 cents a hundred.

I do not think this is the time to increase benefit payments out of the Treasury of the United States, when we are faced with the colossal expenditures we are called upon to make for national defense. As it now stands, the bill would cost the Treasury \$10,000,000 each year in the payment of the increases in benefit payments from 60 cents to 80 cents a hundred.

The large corporations to which reference has already been made would participate, contrary to the recommendation of the Secretary of Agriculture, in the

increased benefit payments provided by the increase up to 80 cents.

The Senator from Florida has referred to the United States Sugar Corporation. That corporation received last year \$470,007.41. Under the pending bill the corporation would receive \$474,807.41. Increases would be paid all along the line to these huge corporations.

I hold in my hand a list of about 30 corporations, each of which receives more than \$100,000 out of the sugar-allotment program. Of these corporations only 3 are in the United States. The Realty Operators, Inc., of New Orleans, which now receives \$121,235.67, would receive \$126,035.67 if the bill were enacted in its present form.

The next is the South Coast Corporation, of New Orleans, which now receives \$181,220.81, and which would receive \$186,020.81.

This list shows the large benefit payments to corporations. Not a single individual grower is in the class receiving over \$100,000. They are all large producers.

The Hawaiian Commercial & Sugar Co. receives \$567,000 a year, and would receive under the terms of the pending bill \$572,000, in round figures.

The Honolulu Plantation Co. received \$276,000, and under the terms of the pending bill would receive \$281,000.

The Maui Agricultural Co., Ltd., receives \$392,000; under the pending bill it would receive \$396,000.

The Oahu Sugar Co., Ltd., receives \$510,000. Under the terms of the pending bill it would receive \$514,000.

I asked unanimous consent that there be inserted in the RECORD as a part of my remarks a list of corporations which now receive more than \$100,000, and figures showing the increase each company would receive if the pending bill were enacted as it is.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Comparison of payments of \$100,000 or more made to sugar producers on the 1939 crop with payments which would have been made if proposed basic payment rate of 80 cents per hundred pounds had been in effect

	Payment made under existing act	Payment which would have been made if provisions of proposed bill had been in effect
Realty Operators, Inc., New Orleans, box 910.....	\$121,235.67	\$126,035.67
South Coast Corporation, New Orleans.....	181,220.81	186,020.81
United States Sugar Corporation, Clewiston.....	470,007.41	474,807.41
Ewa Plantation Co., Ewa, Hawaii.....	443,021.49	447,821.49
Grove Farm Co., Ltd., Puhi, Kauai.....	144,273.07	149,073.07
Hamakua Mill Co., Paauilo, Hawaii.....	168,978.60	173,778.60
Hawaiian Agricultural Co., Pahala, Hawaii.....	296,439.94	301,239.94
Hawaiian Commercial & Sugar Co., Punene, Maui.....	567,740.74	572,540.74
Hawaiian Sugar Co., Makaweli, Kauai.....	245,614.72	250,414.72

Comparison of payments of \$100,000 or more made to sugar producers on the 1939 crop with payments which would have been made if proposed basic payment rate of 80 cents per hundred pounds had been in effect—Continued

	Payment made under existing act	Payment which would have been made if provisions of proposed bill had been in effect
Hilo Sugar Co., Hilo, Hawaii.....	\$208,560.74	\$213,360.74
Honokaa Sugar Co., Haina, Hawaii.....	253,155.22	257,955.22
Honolulu Plantation Co., Aiea, Oahu.....	276,926.80	281,726.80
Hutchinson Sugar Plantation Co., Paauhau, Hawaii.....	159,694.52	164,494.52
Kahuku Plantation Co., Kahuku, Oahu.....	207,843.38	212,643.38
Kaiwika Sugar Co., Ltd., Ookala, Hawaii.....	101,915.14	106,715.14
Kekaha Sugar Co., Ltd., Kekaha, Kauai.....	344,944.87	349,744.87
Kilauea Sugar Plantation Co., Kilauea, Kauai.....	120,358.96	125,158.96
Kohala Sugar Co., Hawi, T. H.....	340,764.57	345,564.57
Koloa Sugar Co., The, Koloa, Kauai.....	156,979.56	161,779.56
Laupahoehoe Sugar Co., care of T. H. Davies & Co., Ltd., Honolulu, T. H.....	158,015.23	162,815.23
Lihue Plantation Co., Ltd., Lihue, Kauai.....	510,084.57	514,884.57
Maui Agricultural Co., Ltd., Paia, Maui.....	392,089.49	396,889.49
McBryde Sugar Co., Ltd., Elele, Kauai.....	228,390.01	233,190.01
Oahu Sugar Co., Ltd., Wai-pahu, Oahu.....	510,062.64	514,862.64
Olao Sugar Co., Ltd., Olao, T. H.....	249,441.54	254,241.54
Onomea Sugar Co., Papei-kou, T. H.....	208,861.31	213,661.31
Paauhau Sugar Plantation Co., Paauhau, T. H.....	112,036.44	116,836.44
Pepee Sugar Co., Pepee-keo, T. H.....	119,018.84	123,818.84
Pioneer Mill Co., Ltd., La-haina, Maui.....	383,757.38	388,557.38
Wai-lua Agricultural Co., Ltd., Wai-lua, T. H.....	444,225.97	449,025.97
Wailuku Sugar Co., Wailuku, Maui.....	211,050.40	215,850.40
Waimanalo Sugar Co., Waimanalo, Oahu.....	102,035.82	106,835.82
Cambalache, Central, Inc., Arceibo, P. R.....	168,891.06	173,691.06
Coloso, Central, Inc., Coloso, P. R.....	150,921.98	155,721.98
Eastern Sugar Associates, Capuas.....	447,959.73	452,759.73
Fajardo Sugar Growers Association, Fajardo.....	528,839.15	533,639.15
Finlay Bros. & Waymouth Trading Co., Veg Alta.....	105,619.73	110,419.73
Georgetti, Compania, S. en C., Barceloneta.....	101,961.75	106,761.75
Gonzalez, Martinez Manuel, Box A, Salinas.....	134,376.26	139,176.26
Luce & Co., S. en C., Aguirre Merced, Mario, e Hijos, Guayanilla.....	614,643.01	619,443.01
Roig, Antonio, Sucesores, S. en C., Humacho.....	106,520.01	111,320.01
Russell and Co., Sucers., Esenada.....	313,814.76	318,614.76
Seralles, J. Est. and Wirshing & Co., S. en C., Ponce Toa, Compania Azucarera del, Toa Baja.....	344,804.73	349,604.73
Hakalau Plantation Co., Hakalau, T. H.....	125,168.43	129,968.43
	143,189.46	147,989.46

Mr. BYRD. I also ask to have inserted as a part of my remarks a list of those receiving between \$10,000 and \$100,000, and the increases they would receive if the pending bill were enacted in its present form.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Comparison of payments of \$10,000 to \$100,000 made to sugar producers on the 1939 crop with payments which would have been made if proposed basic payment rate of 80 cents per 100 pounds had been in effect

	Payment made under existing act	Payment which would have been made if provisions of proposed bill had been in effect
CONTINENTAL SUGAR BEET AREA		
CALIFORNIA		
Aaroe, A. & Son, Soledad.....	\$13,710.87	\$17,461.88
Allied Land & Livestock Co., Stockton.....	17,233.57	21,294.69
Amen, Henry, Woodland.....	25,680.72	30,144.08
Bass, Arthur, Stockton.....	11,819.52	15,398.54
Best, Don G., Woodland.....	18,225.89	22,324.25
Bouendaredre Bros., Long Beach.....	10,061.39	13,219.01
Browning, J. L., Colusa.....	21,454.54	25,716.64
Bunn, Lum, Walnut Grove.....	14,758.68	18,604.94
California Delta Farms, Inc., Stockton.....	30,174.14	34,851.48
California Lands, Inc., Sacramento.....	22,280.10	26,581.51
California Packing Corporation, Tracy.....	43,837.30	48,637.30
Carden, Morris, Davis.....	12,902.84	16,580.36
Carden, R. E., Woodland.....	11,843.42	15,424.64
Central Produce Co., Guadalupe.....	12,454.60	16,091.36
Chong, Look L., Walnut Grove.....	16,669.41	20,689.34
Christenson, Arnold E., Grimes.....	11,394.76	14,916.02
Cook, Peter, Jr., Rio Vista.....	12,955.10	16,637.36
Darsie, Hutchinson & Pettigrew, Inc., Walnut Grove.....	11,304.76	14,801.50
Empire Farms, Inc., Stockton.....	38,586.41	43,356.41
Farmer's Produce Co., Ltd., Brawley.....	10,874.13	14,253.40
Fong, Yen, Sacramento.....	18,715.57	22,847.23
Fujita, J., Stockton.....	10,722.21	14,060.06
Garin, H. P., receiver for Garin Co., H. P., Salinas.....	14,161.85	17,953.82
Gehicke, R. A., Butte City.....	10,110.32	13,281.31
Giguere, Morris R., Yolo.....	14,478.23	18,299.00
Giovannoni, Louis, Walnut Grove.....	10,642.14	13,958.14
Golden State Asparagus Co., Oakland.....	14,549.89	18,377.12
Greer, A. J., Davis.....	18,616.97	22,850.32
Greer, F. J. & Sons, Davis.....	16,541.41	20,549.72
Haines, Charles F., Hamilton City.....	15,840.79	19,785.38
Hanson, A. B., Santa Maria.....	14,586.52	18,417.08
Heringer Bros. & Son Inc., Clarksburg.....	56,658.64	61,458.64
Hiatt, P. J., Woodland.....	10,907.28	14,295.61
Hiramatsu, N., Guadalupe.....	17,357.18	21,424.16
Holland Land Co., Clarksburg.....	10,886.46	14,269.89
Holmes, Lester J., Clarksburg.....	10,087.99	13,252.03
Hunt Bros., El Centro.....	16,711.46	20,822.48
Iriyama N., Guadalupe.....	10,099.83	13,627.94
Irvine Co., The, Tustin.....	10,092.72	13,258.91
Kelley, John C., Stockton.....	34,959.66	39,756.66
Kruell, Ralph, Clarksburg.....	13,404.70	17,127.80
La Brea Securities Co., Santa Maria.....	10,554.23	13,846.28
Lacy Bros., Stockton.....	25,762.80	30,230.05
Lavis, Carlson & Zeigler, c/o Carlson, H. T., Woodland.....	10,630.06	13,954.29
Lauppe, L., Sacramento.....	10,824.95	14,190.82
Leonard, L. L., Woodland.....	10,210.33	13,408.67
Lewallen, John L., Stockton.....	11,205.28	14,674.87
M. & T. Inc., Chico.....	12,096.13	15,700.34
Mandeville Island Farms, Inc., Stockton.....	41,733.66	46,533.66
McDonald Island Farms, Ltd., Stockton.....	32,895.89	37,694.89
McFadden Bros., Salinas.....	10,571.48	13,868.19
McGrath Est. Co., D. Oxnard.....	18,689.14	22,519.57
Medford Island Co., Stockton.....	14,324.61	18,131.36
Merwin & Yelland, Clarksburg.....	26,846.18	31,365.03
Mitral, Henry, Sunnyvale.....	13,870.97	17,636.48
Moore, Richard & Allen, Grimes.....	12,919.01	16,598.00
Morris Bros., Grimes.....	26,787.27	31,303.32
Newhall Land & Farming Co., Santa Maria.....	15,776.37	19,715.00
Nunes, J. D., & Sons, Salinas.....	10,712.06	14,047.11
Nyland, A. S., Hollister.....	17,221.39	21,281.93
Oeste, C. T., & Knaggs, George Davis.....	13,704.03	17,454.38
Oda, Y., Woodland.....	11,355.97	14,866.67
Parella, C., Sacramento.....	17,882.15	21,974.16
Roddick, A. L., Soledad.....	15,403.76	19,308.62
Shafter Farms Co., Shafter.....	10,968.94	14,374.08
Sing Bros., Wheatland.....	13,828.89	17,045.18
Slater, C. E., Clarksburg.....	12,022.58	15,598.28
Spreckels Sugar Co., Sacramento.....	52,234.62	57,034.62

Comparison of payments of \$10,000 to \$100,000 made to sugar producers on the 1939 crop with payments which would have been made if proposed basic payment rate of 80 cents per 100 pounds had been in effect—Continued

	Payment made under existing act	Payment which would have been made if provisions of proposed bill had been in effect
CONTINENTAL SUGAR BEET AREA—Continued		
CALIFORNIA—continued		
Stuhlmüller Bros., Woodland.....	\$10,144.21	\$13,324.43
Studarus, C. C., Clarksburg.....	14,325.52	18,132.38
Totman, Clifford, Rio Vista.....	11,846.72	15,428.24
Ueda, Chiyono, Stockton.....	12,847.78	16,520.30
Westgate, E. W., Stockton.....	15,426.88	19,333.82
Wetherbee, C. H., Clarksburg.....	21,271.21	25,524.58
Wilson, George H., Clarksburg.....	39,242.47	44,042.47
COLORADO		
American Crystal Sugar Co., Denver.....	57,769.21	62,569.21
UTAH		
Utah-Idaho Sugar Co., Salt Lake City.....	14,530.17	18,355.64
WYOMING		
Compton, J. A., Worland.....	51,210.58	56,010.58
MAINLAND SUGARCANE AREA		
LOUISIANA		
Alma Plantation, Ltd., Lakeland, Armelise Planting Co., Paincourtville.....	24,961.23	29,390.31
Bayou Cypressport Co., Louisiana.....	15,312.86	19,209.44
Bergeron & Walton, route No. 1, Napoleonville.....	11,154.55	14,610.40
Blanchard Planting Co., Tallien, Burton-Sutton Oil Co., Inc., White Castle.....	11,866.03	15,449.36
Buttram & Browne, star route B, Franklin.....	17,703.13	21,786.56
Caffery, John M., Franklin.....	16,291.17	20,276.72
Caire & Graugnard, Edgard.....	11,113.83	14,558.46
Caldwell Sugars, Inc., Tibbo-daux.....	16,157.92	20,131.40
Catherine Sugar Co., Inc., Lob-dell.....	22,462.78	26,772.86
Cypressport Stores, Inc., star route A, Franklin.....	23,760.13	28,132.02
Delgado-Albania Plantation Commission, Jenerette.....	12,610.35	16,261.28
Devall Company, Ind., Cbam-berlain.....	12,382.68	16,012.88
Dugas & LeBlanc, Ltd., Pain-courtville.....	14,110.06	17,897.36
Duhe, J. P., New Iberia.....	12,232.33	15,848.96
Farwell, Charles A., New Orleans.....	36,787.77	41,587.77
Foster, W. Prescott, Franklin.....	13,489.62	17,220.44
Gay, Edward J., Planting & Mfg. Co., Plaquemine.....	13,161.16	16,862.12
Godchaux Sugars, Inc., New Orleans.....	61,668.93	66,468.93
Hymel-Steffins, Inc., Reserve.....	25,058.70	29,492.50
Kahao, M. J., Kabns.....	97,518.16	102,318.16
Lanaux, T., Sons, Lucy.....	17,139.47	21,196.08
Laws Co., Harry L., Inc., Cin-clare.....	11,430.29	14,961.24
Leche, John, R. F. D., Thibo-daux.....	18,050.33	22,150.33
Lemann & Tibbaut, Donaldson-ville.....	26,931.42	31,454.35
Lepine, J. Wilson, Thibodaux.....	11,613.35	15,173.60
Lever Land Co., J. B., Thibo-daux.....	12,022.08	15,614.72
Lever-St. John, Inc., St. Mar-tinville.....	16,161.53	20,135.24
Louisiana State Penitentiary Angola.....	16,912.20	20,954.24
Mulliken & Farwell, Inc., New Orleans.....	28,370.17	32,961.57
Murrell, George M., Bayou Goula.....	62,633.37	67,433.37
Patout, M. A. & Son, Ltd., Pa-toutville.....	65,108.82	69,908.82
Robichaux, B. G., Co., Labadie-ville.....	19,760.38	23,941.79
Robichaux, Francis, trustee for heirs of E. G. Robichaux, de-ceased, Labadieville.....	13,540.23	17,275.76
	20,860.38	25,094.15
	20,876.71	25,111.31

Comparison of payments of \$10,000 to \$100,000 made to sugar producers on the 1939 crop with payments which would have been made if proposed basic payment rate of 80 cents per 100 pounds had been in effect—Continued

	Payment made under existing act	Payment which would have been made if provisions of proposed bill had been in effect
MAINLAND SUGARCANE AREA—Continued		
LOUISIANA—continued		
San Francisco Planting & Manu-facturing Co., Ltd., Lions.....	\$18,720.71	\$22,852.57
Shadyside Co., Ltd., star route A, Franklin.....	16,805.21	20,837.48
Slack Bros., Inc., Rosedale.....	21,959.47	26,245.63
Sterling Sugars, Inc., Franklin.....	13,044.84	16,735.28
St. James Operators, Inc., box 910, New Orleans.....	48,403.16	53,203.16
St. Paul Bourgeois, Inc., Jeaner-ette.....	10,220.04	13,420.96
Supple's Sons, J., Planting Co., Ltd., Bayou Goula.....	16,685.83	20,707.23
The Maryland Co., Inc., Frank-lin.....	23,435.68	27,792.12
Tibbaut, B. & D., Napoleonville.....	15,431.34	19,338.68
Triangle Farms, Inc., McCall.....	27,551.58	32,104.01
Valentine Sugars, Lockport.....	24,546.69	28,956.03
Westover Planting Co., Kabns.....	16,487.97	20,491.40
Wilbert's Sons, A., Lumber & Shingle Co., Plaquemine.....	26,306.78	30,799.96
Wilkinson, H., Sr., Port Allen.....	73,358.44	78,158.44
	20,735.50	24,963.36
FLORIDA		
Douglas, A. B., Fellsmere.....	13,306.80	17,349.50
Leonard, E. F., Fellsmere.....	10,936.40	14,332.64
Tiedtke, John, Clewiston.....	12,727.00	16,350.60
HAWAII		
Gay & Robinson, Makaweli, Kauai.....	94,448.95	99,248.95
Honolulu Sugar Co., Honolulu, T. H.....	91,482.31	96,282.31
Kaeleku Sugar Co., Ltd., Hana, Maui.....	80,537.30	85,337.30
Rice, William Hyde, Ltd., Lihue, Kauai.....	42,577.20	47,377.20
Waiakea Mill Co., Hilo, T. H.....	86,570.34	91,370.34
Waianae Co., Waianae, Oahu.....	89,062.88	93,862.88
Wailea Milling Co., Ltd., post-office box E, Hakalau, T. H.....	30,851.68	35,561.28
Waimea Sugar Mill Co., Ltd., Waimea, Kauai.....	36,267.43	41,067.43
PUERTO RICO		
Acosta, Jose B. Ramirez and Humberto Martinez, San Ger-man.....	10,033.78	13,183.80
Aldeia Agricultural Corporation, Arecibo.....	13,696.73	17,446.40
Alfonso Carreras, Louis, Arecibo.....	13,287.62	17,000.12
Alianza, Central, Inc., Arecibo.....	26,440.79	30,940.20
Angel Tio, Juan, San German.....	21,356.43	25,613.90
Angel Tio, Juan, trustee for Juan Matos, joint operators, San German.....	21,154.47	25,402.26
Angel Tio, Juan, trustee for Juan Angel Tio and Santiago Sam-bolin, joint operators, San German.....	21,138.72	25,385.76
Avalo Garcia, Juan, Juncos.....	15,824.09	19,767.20
Barreto, Arturo, Aguadilla.....	11,039.92	14,464.38
Bayamon, Asociacion Agricola de, Bayamon.....	58,423.29	63,223.29
Behn Brothers Association, San Juan.....	20,077.15	24,273.66
Berrios, Ramon L., box 23, Guarbo.....	10,655.65	13,975.36
Buena Vista Agricultural & Dairy Co., Carolina.....	22,160.27	26,455.95
Cabasa, Jacobo L., box 183, Ponce.....	58,435.41	63,235.41
Calaf, Jaime, trustee for Jaime Calaf and Federico Calaf, joint operators, Wamail.....	73,683.74	78,483.74
Calderon Rivera, Rafael, Caguas.....	31,821.30	36,577.05
Carbonell, Salvador, Mayaguez.....	10,968.04	14,372.96
Caronda, Francisco, Juncos.....	12,307.64	15,931.04
Carlo, Delfin Rodriguez, box 187, Sabana Grande.....	11,817.47	15,396.32
Cartagena, Nicolas M., box 605, Caguas.....	12,156.62	15,766.28

Comparison of payments of \$10,000 to \$100,000 made to sugar producers on the 1939 crop with payments which would have been made if proposed basic payment rate of 80 cents per 100 pounds had been in effect—Continued

	Payment made under existing act	Payment which would have been made if provisions of proposed bill had been in effect
PUERTO RICO—Continued		
Cautino, Genaro Guayama.....	\$28,580.52	\$33,182.01
Cerra Becerril, Luis, box 39, Rio Piedras.....	17,527.53	21,602.64
Cervoni, Eduardo, trustee for the heirs of the estate of Cer-voni Massari, deceased, Arroyo.....	14,085.72	17,870.72
Cooperativas, Agrícolas: Cuatro Calles Enriqueta, Concordia, Yague, Catalina, Garonne la Nueva, Garonne la Vieja and Columbia, jointly, Arroyo.....	88,268.24	93,068.24
Cooperativas Agrícolas: Palma, Felicitia, Providencia, and Bor-delaise, jointly, Arroyo.....	46,796.39	51,596.39
Esteves, Alberto, Aguadilla.....	28,452.85	33,048.25
Fajardo, Ross and Carols L., box 293, Mayaguez.....	29,427.03	34,068.83
Fas, Jose J., Cabo Rojo.....	10,755.55	14,102.48
Fernandez Ortiz, Angel, trustee for Rosario Garzo and Matilde Garzo, joint operators, box 94, Naguabo.....	10,022.86	13,169.94
Fernandez, Faustino, box 111, Naguabo.....	18,816.75	22,953.22
Figuerola, Miguel, box 504, Caguas.....	26,945.30	31,468.87
Fonalledas Cordova, Jaime, trustee for the heirs of Jaime Fonalledas, deceased, Toa Baja.....	42,546.04	47,346.04
Fraticelli, Antonio, box 746, Arecibo.....	17,402.40	21,471.52
Fraticelli, Antonio, trustee for Antonio Guidicelli Grillasea and Antonio Fraticelli, joint operators, Arecibo.....	20,667.33	24,891.97
Fuentefrias, S., Est., box 51, Ceiba.....	11,936.05	15,525.69
Garcia Mendez, M. A., post-office box 267, San German.....	12,559.16	16,205.44
Gilormini, Domingo, trustee for Otilia Lluberas Negroni, As-cunson Negroni Albedra, Do-mingo Gilormini and Sobrinos de Arturo Lluberas, joint op-erators, Guayanilla.....	39,554.99	44,354.99
Godreau & Co., S. en C., Salinas.....	29,194.44	33,825.12
Godreau, Elias & Ga., Sucrs. de, post-office box 43, Salinas.....	34,734.50	39,534.50
Gonzalez & Co., Scurs. de Jose, S. en C., Guayama.....	88,660.52	93,460.52
Gonzalez, Diego Gonzalez, Isa-hela.....	10,523.10	13,806.67
Gonzalez Perez, Felix, Yauco.....	14,281.30	18,084.14
Gonzalez, Rafael M., box 85, Gu-raho.....	16,115.97	20,085.57
Guillemand, A., trustee for the heirs of Mateo Fajardo Car-do-na, deceased, Mayaguez.....	98,701.19	103,501.19
Guillemand, A., trustee for the heirs of Mateo Fajardo Davilla, deceased, Mayaguez.....	20,424.95	24,638.05
Hijo, Jose F. Aponte, box 103, San Lorenzo.....	12,217.89	15,833.14
Irizarry Cancel, Cornelio, San German.....	15,045.44	18,917.76
Iturregui, Nicolas, box 31, Tru-jillo Alto.....	14,075.66	17,859.81
Livingston, Clara E., Dorado.....	12,093.57	15,697.63
Lopez, Rafael H., Aguadilla.....	21,313.08	25,568.47
Lucas P. Valdivieso, Jorge, Cen-tral Peliclas, Adjuntas.....	16,636.28	20,653.22
Lucas P. Valdivieso, Jorge, trustee for the heirs of Lucas P. Valdivieso, deceased, box 1144, Ponce.....	66,811.31	71,611.31
Lucchetti, Acosta F., trustee for Juan Michel Lucchetti, Triston L. Lucchetti, joint operators, box 141, Yauco.....	12,132.02	15,739.47
Lugo Ramirez, Juan San Ger-man.....	13,518.90	17,252.43
Maria, Ana. Sugar Co., Maya-guez.....	12,188.81	15,801.43
Martinez, José, box 58, Yabucoa.....	11,818.00	15,396.91
Mayaguez Sugar Co., Inc., box 569, Mayaguez.....	65,285.96	70,085.96

Comparison of payments of \$10,000 to \$100,-000 made to sugar producers on the 1939 crop with payments which would have been made if proposed basic payment rate of 80 cents per 100 pounds had been in effect—Continued

	Payment made under existing act	Payment which would have been made if provisions of proposed bill had been in effect
PUERTO RICO—Continued		
Mendez, Antonio, Naguabo.....	\$11,626.79	\$15,211.36
Mendez, Eduardo, Jr., trustee for the heirs of Eduardo Mendez, deceased, San Sebastian.....	21,122.60	25,368.92
McConnie, Julian O., box 716, Caguas.....	19,774.98	23,957.12
Manrique, Cipriano, Caguas.....	16,914.48	20,956.67
Morell, Manuel, post-office box 86, Arecibo.....	10,829.36	14,196.46
Nevares, Hermanos, Toa Baja.....	20,311.97	24,519.69
Nido & Co., box 27, Arroyo.....	12,664.00	16,319.82
Ortiz, Luis, Caguas.....	10,747.01	14,091.64
Padovani Giorgetti, Carlos, box 703, Mayaguez.....	13,088.24	16,782.62
Pepino, Asociados del, San Sebastian.....	58,118.73	62,918.73
P. R. Consolidated Fruit Co., Bayamon.....	14,491.91	18,313.90
Ramirez, Ubaldo, trustee for Ubaldo Ramirez and M. A. Garcia Mendez, joint operators Mayaguez.....	16,156.59	20,129.91
Rio, Rafael Torrech, box 193, Bayamon.....	11,775.12	15,350.13
Rios, Antonio Valdes, box 161, Arecibo.....	10,245.93	13,453.92
Rodriguez Garzot, William, trustee for the heirs of the estate of Faustino R. Fuertes, deceased, Naguabo.....	10,527.84	13,812.71
Rotger, Efrén, Naguabo.....	10,589.53	13,891.22
Sambolin, Santiago, San German.....	11,497.46	15,046.77
Sauri, Jose, trustee for Jose Sauri and Carmen Sauri, joint operators, box 1349, Ponce.....	26,020.62	30,500.13
Sauri, Rafael, box 1947, Ponce.....	13,055.46	16,746.86
Sauri y Subira, Corporation Azucarera, box 1390, Ponce.....	26,234.63	30,724.49
Semiday, Jose, trustee for Jose Semiday and Santos Semiday, joint operators, Villalba.....	21,002.58	25,243.18
Sergio, Gabriel and Margarita Ortiz Toro and Maria del Toro Vda. Ortiz, Jayuya.....	21,722.80	25,997.69
Quinones Salazar, Ernesto, box 125, San German.....	14,510.87	18,334.59
Quintana Colon, Domingo, Yabucoa.....	13,012.97	16,700.52
Quintero & Davila, Ltd., box 1658, Manati.....	39,181.30	43,981.30
Ramirez, Rosell Alfredo, Mayaguez.....	99,074.89	103,874.89
Sociedad Agricola de Rio Piedras, Rio Piedras.....	98,181.94	102,981.94
Soller Sugar Co., Inc., Arecibo.....	44,401.73	49,201.73
Stella, Jesus, post office box 46, Guaynilla.....	14,415.22	18,230.24
Subira, Luis Frau, trustee for Providencia Subira, Concepcion Subira and Maria Subira Echenarra, joint operators, box 1783, Ponce.....	28,700.47	33,307.63
The Bank of Nova Scotia, San Juan.....	58,953.91	63,753.91
Tio, Felix E. Bayamon.....	13,954.16	17,727.26
Tomas, Subirana Mir Dr. Ash-bord St. No. 38, Santurce.....	28,305.08	32,893.41
Torres, Troche, Julio, trustee for Allah Torres and Marino Torres, joint operators, box 61, Ponce.....	11,192.89	14,659.34
Usara, Vicente, Ponce.....	22,668.18	26,988.10
Vallecillo, Geronimo, box 3835, Santurce.....	17,690.42	21,773.29
Velazquez, Rodriguez Leoncio, box 126, Caguas.....	28,927.23	33,545.20
Verdaguer Hacienda, Aguirre.....	24,512.95	28,920.71
Victoria, Central, Inc., Carolina.....	74,212.97	79,012.97
Zeno, Alcides, trustee for the heirs of Dario Franceschi, deceased, and Ann A. de Zeno, joint operators, Yauco.....	13,571.56	17,309.89

Mr. BYRD. Mr. President, I shall not discuss the matter further. I am in complete sympathy with the request of

the majority leader that the proposed legislation be expedited this afternoon as much as possible. I hope the Senate will adopt my amendment, and let the benefit payments remain as they are at present, because it seems to me they are sufficiently high. If the proposed increase shall be made, as I have said, it will cost the United States Treasury \$10,000,000 a year.

Mr. JOHNSON of Colorado. All I desire to say, Mr. President, is that I hope the amendment will be rejected. If it

shall be agreed to, the economy of Hawaii, Puerto Rico, and parts of the areas of Louisiana and parts of the areas of California will be completely upset, and I think this is a very bad time to be upsetting economies. They are badly enough upset as it is. I certainly hope the amendment will be rejected.

I ask that a table showing the income and expenses under the Sugar Act of 1937 be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Statement of income and expenses under Sugar Act of 1937

	Fiscal year 1938 (actual)	Fiscal year 1939 (actual)	Fiscal year 1940 (actual)	Fiscal year 1941 (actual)
(A) Revenue: Tax collections.....	\$33,508,820	\$69,194,645	\$73,601,560	\$80,146,351
(B) Expenditures—Payments to producers:				
Continental sugar beet area.....	16,540,213	23,121,703	21,687,858	23,188,119
Continental sugarcane area.....	5,382,710	6,752,392	5,560,132	4,192,596
Hawaii.....		12,768,552	8,973,715	8,851,541
Puerto Rico.....		9,471,022	10,364,274	9,117,437
Subtotal.....	21,922,923	52,113,669	46,586,019	45,349,693
Administrative expenses.....	237,350	696,696	800,805	769,293
Total expenditures.....	22,160,273	52,810,365	47,386,824	46,118,986
(C) Excess of revenue over expenditures.....	11,348,547	16,384,280	26,214,736	34,027,365

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Virginia [Mr. BYRD] to the amendment of the committee.

On a division, the amendment to the amendment was rejected.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 5988) was read the third time, and passed.

REPORT OF COMMITTEE ON APPROPRIATIONS

Mr. McKELLAR, from the Committee on Appropriations, to which was referred the joint resolution (H. J. Res. 258) to provide additional appropriations incident to the national defense for the fiscal years ending June 30, 1942, and June 30, 1943, and for other purposes, reported it without amendment and submitted a report (No. 919) thereon.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6215) to amend the Selective Training and Service Act of 1940 by providing for the extension of liability for military service and for the registration of the manpower of the Nation, and for other purposes.

REGISTRATION OF PROPAGANDA AGENTS

Mr. KILGORE. Mr. President, I move that the Senate proceed to the consideration of Senate bill 2060, Order of Business No. 949, requiring the registration of certain persons.

The PRESIDING OFFICER. The question is on the motion of the Senator from West Virginia.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2060) to amend the act entitled "An act to require the registration of certain persons employed by agencies to disseminate propaganda in the United States, and for other purposes," which had been reported from the Committee on the Judiciary with an amendment.

INVESTIGATION OF JAPANESE ATTACK ON HAWAII

Mr. VAN NUYS. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside in order that the Senate may proceed to the consideration of House Joint Resolution 259, a measure of some importance, to authorize the commission appointed by the President to conduct an investigation in connection with the attack on Hawaii to compel the attendance of witnesses, and the production of books, papers, and documents.

The PRESIDING OFFICER. The Chair lays before the Senate a joint resolution coming over from the House of Representatives.

The joint resolution (H. J. Res. 259), to authorize the commission appointed by the President to conduct an investigation in connection with the attack on Hawaii, to compel the attendance of witnesses and the production of books, papers, and documents, was read twice by its title.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. VAN NUYS. Mr. President, Senators now present will recall that I introduced a similar joint resolution last

evening, a companion measure to the one now being considered, Senate Joint Resolution 121. The House joint resolution was passed by the House early today, and I am asking that the House joint resolution be considered at this time, and then I shall ask that Senate Joint Resolution 121 be indefinitely postponed.

This is a stereotyped measure, granting to the commission appointed by the President to investigate the disaster in Hawaii the power to subpoena witnesses, and to petition courts, in the event an obstinate witness should refuse to testify or should refuse to produce books and papers, so that such witness might be punished for contempt in any of the Federal courts. There was no objection to the measure in the Committee on the Judiciary of either House, and I understand the joint resolution passed the House this morning without a dissenting vote. If there are any questions to be asked, I shall be glad to answer them. It is necessary that the commission have the power sought, because they will start on their labors very shortly, and they want to subpoena some witnesses before they proceed to Hawaii to inaugurate the investigation.

Mr. McNARY. Mr. President, this is essential legislation, and there is no objection to it.

The PRESIDING OFFICER. The question is on the third reading of the joint resolution.

The joint resolution (H. J. Res. 259) was ordered to a third reading, read the third time, and passed.

Mr. VAN NUYS. I ask that Senate Joint Resolution 121, Calendar No. 955, the companion measure, be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

REGISTRATION OF PROPAGANDA AGENTS

The Senate resumed the consideration of the bill (S. 2060) to amend the act entitled "An act to require the registration of certain persons employed by agencies to disseminate propaganda in the United States, and for other purposes," approved June 8, 1938, as amended.

Mr. KILGORE. Mr. President, I should like briefly to explain Senate bill 2060. It is an amendment to the act of June 8, 1938, for the registration of foreign-propaganda agents. The pending bill has the approval of the Department of Justice, the Post Office Department, and the Department of State. It is not a punitive bill necessarily, but a bill of disclosure. It enlarges the registration powers and makes them more complete. It defines what is meant by propaganda agents of foreign political powers, and also forces a disclosure of their principals.

The amendment, which was adopted unanimously in the Judiciary Committee, merely makes some slight changes for clarity in the bill as originally drafted, but we felt that in order to shorten the bill the amendment should be substituted for the original language of the bill.

In four or five respects the bill enlarges the present law. It requires full information as to principals, not only one but all principals. It requires full information

as to agents of foreign governments. It excludes proper diplomatic representatives of foreign governments from its provisions, and affects only those who are engaged in the dissemination of political propaganda. It requires the labeling of all political propaganda, and requires registration, so that this country cannot be used as the base for dissemination of political propaganda in the South American republics.

If there are any questions to be asked on the matter I shall be glad to answer.

The PRESIDING OFFICER. The clerk will state the committee amendment.

The amendment of the Committee on the Judiciary was to strike out, beginning in line 1, page 2, down to and including line 21 on page 24, and to insert from line 22 on page 24 to line 6 on page 49, so as to make the bill read:

Be it enacted, etc., That the act of June 8, 1938 (52 Stat. 631, U. S. C., title 22, sec 233 (a) to sec. 233 (g)), entitled "An act to require the registration of certain persons employed by agencies to disseminate propaganda in the United States, and for other purposes," as amended, is hereby amended to read as follows:

"POLICY AND PURPOSE

"It is hereby declared to be the policy and purpose of this Act to protect the national defense, internal security, and foreign relations of the United States by requiring public disclosure by persons engaging in propaganda activities and other activities for or on behalf of foreign governments, foreign political parties, and other foreign principals so that the Government and the people of the United States may be informed of the identity of such persons and may appraise their statements and actions in the light of their associations and activities.

"DEFINITIONS

"SECTION 1. As used in and for the purposes of this act—

"(a) The term 'person' includes an individual, partnership, association, corporation, organization, or any other combination of individuals;

"(b) The term 'foreign principal' includes—

"(1) A government of a foreign country and a foreign political party;

"(2) An individual affiliated or associated with, or supervised, directed, controlled, financed, or subsidized, in whole or in part, by any foreign principal defined in clause (1) of this section 1 (b);

"(3) A person outside of the United States, unless it is established that such person is an individual and is a citizen of and domiciled within the United States or that such person is not an individual, is organized under or created by the laws of the United States or of any State or other place subject to the jurisdiction of the United States, and has its principal place of business within the United States. Nothing in this clause (3) shall limit the operation of clause (5) of this section 1 (b);

"(4) A partnership, association, corporation, organization, or other combination of individuals organized under the laws of, or having its principal place of business in, a foreign country;

"(5) A domestic partnership, association, corporation, organization, or other combination of individuals, subsidized directly or indirectly, in whole or in part, by any foreign principal defined in clause (1), (3), or (4) of this section 1 (b);

"(c) Except as provided in section 1 (d) hereof, the term 'agent of a foreign principal' includes—

"(1) Any person who acts or agrees to act, within the United States, as, or who is or

holds himself out to be whether or not pursuant to contractual relationship, a public-relations counsel, publicity agent, information-service employee, servant, agent, representative, or attorney for a foreign principal;

"(2) Any person who within the United States collects information for or reports information to a foreign principal; who within the United States solicits or accepts compensation, contributions, or loans, directly or indirectly, from a foreign principal; who within the United States solicits, disburses, dispenses, or collects compensation, contributions, loans, money, or anything of value, directly or indirectly, for a foreign principal; who within the United States acts at the order, request, or under the direction, of a foreign principal;

"(3) Any person who assumes or purports to act within the United States as an agent of a foreign principal in any of the respects set forth in clauses (1) and (2) of this section 1 (c); and

"(4) Any person who is an officer or member of the active or reserve military, naval, or other armed forces of any foreign principal defined in clause (1) of section 1 (b) hereof, or who is an officer of or employed by any such foreign principal; and proof of any affiliation or employment, specified in this clause (4), of any person within a period of 5 years previous to the effective date of this act shall create a rebuttable presumption that such person is an agent of a foreign principal;

"(d) The term 'agent of a foreign principal' does not include any news or press service or association organized under the laws of the United States or of any State or other place subject to the jurisdiction of the United States, or any newspaper, magazine, periodical, or other publication for which there is on file with the Postmaster General a sworn statement in compliance with section 2 of the act of August 24, 1912 (37 Stat. 553), as amended, published in the United States, solely by virtue of any bona fide news or journalistic activities, including the solicitation or acceptance of advertisements, subscriptions, or other compensation therefor, so long as it is at least 80 percent beneficially owned by, and its officers and directors, if any, are citizens of the United States, and such news or press service or association, newspaper, magazine, periodical, or other publication is not owned, directed, supervised, controlled, subsidized, or financed, and none of its policies are determined by any foreign principal defined in clause (1), (2), or (4) of section 1 (b) hereof, or by any agent of a foreign principal required to register under this act;

"(e) The term 'government of a foreign country' includes any person or group of persons exercising sovereign de facto or de jure political jurisdiction over any country, other than the United States, or over any part of such country, and includes any subdivision of any such group and any group or agency to which such sovereign de facto or de jure authority or functions are directly or indirectly delegated. Such term shall include any faction or body of insurgents within a country assuming to exercise governmental authority whether such faction or body of insurgents has or has not been recognized by the United States;

"(f) The term 'foreign political party' includes any organization or any other combination of individuals in a country other than the United States, or any unit or branch thereof, having for an aim or purpose, or which is engaged in any activity devoted in whole or in part to, the establishment, administration, control, or acquisition of administration or control, of a government of a foreign country or a subdivision thereof, or the furtherance or influencing of the political or public interests, policies, or relations of a government of a foreign country or a subdivision thereof;

way facilitate the natural growth of marihuana, or (b) harvest and transfer or make use of marihuana.

"Sec. 593. Licenses: The Governor of the Panama Canal may issue any licenses necessary under the terms of section 581 of this title to permit such uses of marihuana as are related to its administration to patients by physicians, dentists, veterinary surgeons, and other practitioners, or to research, instruction, or analysis.

"Sec. 584. Punishment for violations: Any person who shall violate any of the provisions of sections 581 to 584 of this title shall be punished for the first offense by a fine of not more than \$100, or by imprisonment in jail for not more than 30 days, or by both, and shall be punished for each subsequent offense by a fine of not more than \$500, or by imprisonment in jail for not more than 6 months, or by both; and any marihuana involved in any violation of section 581 to 584 of this title may be seized, and the court may order its confiscation and destruction."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT OF SUGAR ACT OF 1937

Mr. FULMER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5988) to amend the Sugar Act of 1937, as amended, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: "That section 513 of the Sugar Act of 1937 as amended (relating to termination of powers of the Secretary of Agriculture under the Sugar Act) is amended to read as follows:

"SEC. 513. The powers vested in the Secretary under this act shall terminate on December 31, 1944, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1944 and previous crop years."

"Sec. 2. Subsection (a) of section 301 of the Sugar Act of 1937, as amended, is amended by striking out 'in the 1937, 1938, and 1939 crops' and inserting in lieu thereof 'in the 1940 and subsequent crops.'"

"Sec. 3. (a) Subsection (a) of section 304 of the Sugar Act of 1937 is amended to read as follows:

"SEC. 304. (a) The amount of the base rate of payment shall be 80 cents per hundred pounds of sugar or liquid sugar, raw value."

"(b) Subsection (c) of section 304 of the Sugar Act of 1937 is amended to read as follows:

"(c) The total payment with respect to a farm shall be the product of the base rate specified in subsection (a) of this section multiplied by the amount of sugar and liquid sugar, raw value, with respect to which payment is to be made, except that reduction shall be made from such total payment in accordance with the following scale of reductions:

"Deduction in the base rate of payment per hundredweight of such portion

"That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value:

"350 to 700-----	\$0.05
700 to 1,000-----	.10
1,000 to 1,500-----	.20
1,500 to 3,000-----	.25
3,000 to 6,000-----	.275

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6,000 to 12,000-----	\$0.30
12,000 to 30,000-----	.325
More than 30,000-----	.50'

"SEC. 4. (a) Section 307 of the Sugar Act of 1937 is amended to read as follows:

"SEC. 307. This title shall apply to the continental United States, the Territory of Hawaii, Puerto Rico, and the Virgin Islands."

"(b) The amendment made by this section shall be applicable to the 1942 crop and subsequent crops.

"SEC. 5. Section 3508 of the Internal Revenue Code (relating to termination of taxes under the Sugar Act) is amended to read as follows:

"SEC. 3508. Termination of taxes: No tax shall be imposed under this chapter on the manufacture, use, or importation of sugar after June 30, 1945."

"SEC. 6. Section 503 of the Sugar Act of 1937, as amended (relating to payments to the Commonwealth of the Philippine Islands), is amended by striking out 'June 30, 1942' and inserting in lieu thereof 'June 30, 1945.'"

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

Mr. HOPE. Reserving the right to object, Mr. Speaker, does the gentleman intend to explain the changes that were made in the Senate?

Mr. FULMER. Yes; I shall be very glad to explain the changes.

May I say to the gentleman and the Members of the House that the Senate struck from the bill all reference to or provisions dealing with quotas. They simply extended the Sugar Act for 3 additional years, with the 80-cent benefit payment as contained in the bill as it left the House.

Mr. HOPE. Substantially all the bill does now is to extend the act, plus the increase in the benefit payments?

Mr. FULMER. That is right.

Mr. HOPE. There is also a child-labor amendment, as I understand.

Mr. FULMER. There is a minor amendment about child labor, concerning Louisiana.

Mr. HOPE. It is similar to the one the House passed 2 or 3 years ago, which was retroactive in its application at that time?

Mr. FULMER. The gentleman is correct.

Mr. HOPE. Is this the same amendment we passed at that time? It is my understanding that it is.

Mr. COFFEE of Nebraska. It is the same amendment.

Mr. FULMER. Yes; it is the same amendment.

Mr. O'HARA. Reserving the right to object, Mr. Speaker, will the gentleman state whether or not this bill leaves the acreage allotment the same?

Mr. FULMER. This bill does not deal with the acreage allotment at all. It merely extends the provisions of the Sugar Act.

Mr. KLEBERG. Reserving the right to object, Mr. Speaker, the bill still contains some small payments on the lower brackets?

Mr. FULMER. Yes.

Mr. HOPE. Reserving the right to object, Mr. Speaker, is it the gentleman's understanding that during the coming year there will be no individual acreage allotments in the sugar program?

Mr. FULMER. I am not sure about that; I am not posted on it.

Mr. COFFEE of Nebraska. Reserving the right to object, Mr. Speaker, I think in response to the inquiry of the gentleman from Kansas it might be well to say that the Secretary of Agriculture has announced that there will be no acreage restrictions this next year on sugar.

Mr. HOPE. Mr. Speaker, further reserving the right to object, I am sure this bill in its present form is not very satisfactory to the domestic sugar producers of this country, but it seems to me it is the only opportunity we are going to have to secure a continuation of the act which is very important and very necessary, and for that reason I think the amendment should be agreed to, although I do not believe it is a very satisfactory measure.

Mr. FULMER. The gentleman is correct in that statement.

Mr. DOMENGEAUX. Mr. Speaker, will the gentleman yield.

Mr. FULMER. I yield to the gentleman from Louisiana.

Mr. DOMENGEAUX. As I understand the bill as it now reads, the Senate has only changed the increased continental quotas contained in the original House bill.

Mr. FULMER. It does not deal with the quotas at all.

Mr. DOMENGEAUX. They struck that from the bill?

Mr. FULMER. That was stricken from the bill and this simply extends the original act and the benefit payments as carried in the House bill with a minor labor amendment affecting the State of Louisiana.

Mr. BROOKS. If the gentleman will permit, there is no change in the sugar-cane quota, is there?

Mr. FULMER. No.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Senate amendment was agreed to. A motion to reconsider was laid on the table.

STILL FURTHER MESSAGE FROM THE SENATE

A still further message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 258. Joint resolution to provide additional appropriations incident to the national defense for the fiscal years ending June 30, 1942, and June 30, 1943, and for other purposes.

EXTENSION OF REMARKS

Mr. TERRY asked and was given permission to revise and extend his own remarks in the Record.

PERMISSION TO ADDRESS THE HOUSE

Mr. COX. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent that following the address of the gentleman from Georgia I may address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. COX. Mr. Speaker, I yield for the purpose of Members asking permission to revise and extend their remarks in the RECORD.

EXTENSION OF REMARKS

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a statement by Dr. Doerner, of the United States Bureau of Mines.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement from the Department of Commerce, Bureau of the Census, in reference to figures on selective service.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. COFFEE of Washington. Mr. Speaker, on behalf of the gentleman from West Virginia [Mr. RANDOLPH], I ask unanimous consent that he may extend his own remarks in the RECORD and include an editorial, and in my own behalf I ask unanimous consent to extend my remarks in the RECORD and to include a letter from a lawyer in my district.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. WICKERSHAM. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. WEISS] may be granted permission to extend his remarks in the RECORD and include a letter.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. STEFAN. Mr. Speaker, in making this unanimous-consent request, I join all Members on this day in paying tribute to William Tyler Page who today is celebrating the sixtieth year of his service in our Nation's Capitol.

Recently Members of this House and other distinguished people joined together in a radio program complimentary to this great American, and at the request of many of those who participated in that William Tyler Page birthday ceremony, I ask unanimous consent to extend my own remarks and include therein the entire proceedings of that radio program, and additional letters, regardless of the space it shall take in the CONGRESSIONAL RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. WELCH. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD, and to include a sermon delivered by the Most Reverend Archbishop John J. Mitty, of the archdiocese of San Francisco at St. Mary's Cathedral in San Francisco, on Sunday, December 14, 1941, when a military mass was said commemorating the one hundred and fiftieth anniversary of the signing of the Bill of Rights.

The SPEAKER. Is there objection?

There was no objection.

LEAVE TO ADDRESS THE HOUSE

Mr. BRADLEY of Michigan. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes at the conclusion of all special orders previously made.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix and include an editorial from this morning's Washington Post.

The SPEAKER. Is there objection?

There was no objection.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to extend the remarks I made on H. R. 5558.

The SPEAKER. Is there objection?

There was no objection.

Mr. KING. Mr. Speaker, I ask unanimous consent to extend my remarks delivered in the consideration of House Joint Resolution 258, at that point, and include some tables prepared by myself, and revise and extend my remarks in the discussion of Senate 2086 at that point.

The SPEAKER. Is there objection?

There was no objection.

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include a brief poem entitled "Remember Pearl Harbor" written by a constituent.

The SPEAKER. Is there objection?

There was no objection.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. KUNKEL] may extend his own remarks and include a radio address delivered by him.

The SPEAKER. Is there objection?

There was no objection.

Mr. GILLIE. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a short letter from First Lt. Lewis M. Sanders, of Ft. Wayne, on his work in Hawaii.

The SPEAKER. Is there objection?

There was no objection.

LEAVE TO ADDRESS THE HOUSE

Mr. COX. Mr. Speaker, I ask unanimous consent to vacate the order by which I was permitted to address the House for 5 minutes today, and that I be permitted to address the House for 10 minutes tomorrow, after the disposition of matters on the Speaker's desk.

The SPEAKER. Is there objection?

There was no objection.

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent that I may address the House for 10 minutes on tomorrow,

following the gentleman from Georgia [Mr. Cox].

The SPEAKER. Without objection, it is so ordered.

There was no objection.

LAST THURSDAY IN NOVEMBER A LEGAL HOLIDAY

Mr. KEFAUVER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table House Joint Resolution 41, making the last Thursday in November a legal holiday, with Senate amendments, and agree to the Senate amendments.

The Clerk read the title of the House joint resolution.

The Clerk read the Senate amendments as follows:

Line 3, strike out "last" and insert "fourth."

Amend the title so as to read: "Joint resolution making the fourth Thursday in November a legal holiday."

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

By unanimous consent, Mr. KEFAUVER and Mr. TOLAN were granted permission to extend their own remarks in the RECORD.

BLACK-OUTS

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

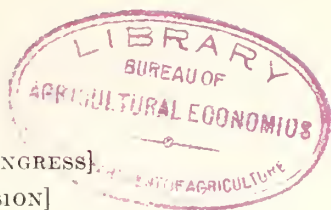
The SPEAKER. Is there objection?

There was no objection.

Mr. HINSHAW. Mr. Speaker, southern California greatly appreciates the solicitude of the Mayor of New York, but suggests that he go back to New York and practice his black-outs there as we have already lost some 4 hours in practice black-outs, which amounts to a million or a million and a half man-hours of labor and much of it on defense production. That is a terrific thing when you consider the pressing need for building airplanes and ships. The people who order practice black-outs had better consider the fact that they are stopping defense industries unless such industries are to be exempted. You cannot stop and start a production line again with the same ease that you turn a spigot.

I suggest that these things be seriously considered and that the gentleman from New York return to New York and try the black-out in New York for 4 hours and see how they like it. They, in New York, are a lot closer to enemies of the United States than we are in California and they have a great many more enemy aliens there than we have. Furthermore, we in southern California have had a civilian-defense organization, and a mighty good one, since long before the Mayor of New York ever thought of civilian defense. Perhaps, he has gone out to California to learn something about civilian defense that he could use in New York and spread over into New

1921



[PUBLIC LAW 386—77TH CONGRESS]

[CHAPTER 638—1ST SESSION]

[H. R. 5988]

AN ACT

To amend the Sugar Act of 1937, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 513 of the Sugar Act of 1937 as amended (relating to termination of powers of the Secretary of Agriculture under the Sugar Act) is amended to read as follows:

"SEC. 513. The powers vested in the Secretary under this Act shall terminate on December 31, 1944, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1944 and previous crop years."

SEC. 2. Subsection (a) of section 301 of the Sugar Act of 1937, as amended, is amended by striking out "in the 1937, 1938, and 1939 crops" and inserting in lieu thereof "in the 1940 and subsequent crops".

SEC. 3. (a) Subsection (a) of section 304 of the Sugar Act of 1937 is amended to read as follows:

"SEC. 304. (a) The amount of the base rate of payment shall be 80 cents per hundred pounds of sugar or liquid sugar, raw value."

(b) Subsection (c) of section 304 of the Sugar Act of 1937 is amended to read as follows:

"(c) The total payment with respect to a farm shall be the product of the base rate specified in subsection (a) of this section multiplied by the amount of sugar and liquid sugar, raw value, with respect to which payment is to be made, except that reduction shall be made from such total payment in accordance with the following scale of reductions:

"That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value	Reduction in the base rate of payment per hundredweight of such portion
"350 to 700.....	\$0.05
700 to 1,000.....	.10
1,000 to 1,500.....	.20
1,500 to 3,000.....	.25
3,000 to 6,000.....	.275
6,000 to 12,000.....	.30
12,000 to 30,000.....	.325
More than 30,000.....	.50"

SEC. 4. (a) Section 307 of the Sugar Act of 1937 is amended to read as follows:

"SEC. 307. This title shall apply to the continental United States, the Territory of Hawaii, Puerto Rico, and the Virgin Islands."

(b) The amendment made by this section shall be applicable to the 1942 crop and subsequent crops.

SEC. 5. Section 3508 of the Internal Revenue Code (relating to termination of taxes under the Sugar Act) is amended to read as follows:

"SEC. 3508. TERMINATION OF TAXES.

"No tax shall be imposed under this chapter on the manufacture, use, or importation of sugar after June 30, 1945."

SEC. 6. Section 503 of the Sugar Act of 1937, as amended (relating to payments to the Commonwealth of the Philippine Islands), is amended by striking out "June 30, 1942" and inserting in lieu thereof "June 30, 1945".

Approved, December 26, 1941.

